TASK FORCE ON LOCAL GOVERNMENT

Report to the
Government of Nova Scotia

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Introduction

The Task Force on Local Government was established by the Minister of Municipal Affairs to develop a strategy that will lead to the design and implementation of an appropriate form of local government for Nova Scotia in accord with existing settlement patterns that balances the concepts of economic and service-delivery efficiency with those of accountability and accessibility. The Union of Nova Scotia Municipalities accepted an invitation to participate in the work of the Task Force.

The issue of local government reform has been recently highlighted in a number of ways:

- One of the recommendations of the Voluntary Planning Economic Strategy was to "rationalize (coordinate and streamline) the services and activities of the 66 municipalities"

- The Select Committee on Education noted in its report that there were too many municipal units in the province

- During the Minister of Finance's pre-budget consultations there was frequent mention of the fact that there was too much government in the Province and that fundamental change was required

- The Union of Nova Scotia Municipalities approved in 1989, 1990 and 1991 a statement of priorities and objectives identifying the need for change; these objectives were "the rationalization of municipal political boundaries" and a reallocation of service responsibilities such that the province would provide people services and the municipalities would provide property services

The Task Force consists of the senior staff of the Department of Municipal Affairs and senior municipal administrators together with the executive director of the UNSM, under the chairmanship of the Deputy Minister of Municipal Affairs. Its work was assisted by two facilitators with lengthy experience in local government matters. A list of the Task Force members is included in Appendix B.

The Task Force met first December 19, 1991, and continued to meet weekly through January, February and March. One of the initial steps was a review of the present municipal units including finances, organization, boundaries, cooperative activities and opportunities for improvement. The Task Force also met with officials from other provinces who freely shared their experiences.

The Task Force prepared an examination of the issues, and a number of alternative ways to address those issues. These are reflected in the *Briefing Book* prepared for the March 5, 1992, meeting with the mayors and wardens. They were described at that meeting, were discussed at that time by the mayors and wardens, and have since been addressed by many municipal councils. This assistance in dealing with concepts has been invaluable.

It has been made clear that the municipal priorities for change are reallocation of responsibility for financing and delivery of services, with structure and boundary changes to follow if necessary. The mandate of the Task Force has been to address both. Another issue clearly delineated has been the need for provincial leadership to ensure that necessary changes are made. Municipal leaders insist on their right to be consulted before final decisions on specific proposals are made. Finally, it is clear that if change is to occur, the general mood requires reform rather than further patches on an inadequate system.

This report establishes what the Task Force considers is the best approach to local government reform in Nova Scotia today. Much of the Report deals with process; not every situation which needs to be changed could be addressed by the Task Force at this time, and opportunity for further participation by municipal leaders and by the public generally in the development of area-specific proposals is an essential part of any reform. To the extent that the recommendations address specific matters, they represent considered opinions after detailed study of administrative, governmental and financial factors.

The discussion of issues and alternatives is contained in the *Briefing Book*, which is included as an Appendix, and is not repeated in the main text. As the issues have been addressed many times by many learned authors and commissions, some of the reasoning of the Task Force has been omitted. While the recommendations are based on extensive financial analysis, most of that is not included since the particulars depend very heavily on the exact mix of recommendations adopted, and also change year by year. The type and relative magnitude of financial changes are more informative, and that information is included where appropriate.

The Task Force wishes to record its appreciation of the work put into this project by the many employees of the Department of Municipal Affairs who prepared information for its consideration, and without whom the report could not have been completed.

1 The Role of Municipal Government

Role and Purpose

Local government is:

- a provider of services based on local needs and desires;
- a forum for local citizens to make decisions on the way they want to live;
- a forum for the resolution of conflicting views within local communities;
- a representative of the community to lobby on its behalf.

Principles

- The structure and responsibility of municipal government should be understandable to the average citizen.
- Municipal government should be structured or delineated in such a way as to reflect the community of interest - a sense of common purpose.
- Municipal government should be of a size which blends the need for citizen accessibility and the need for cost-effective delivery of service.
- Municipal government should be structured in such a way that it is accountable to the citizens it represents.
- The municipal government structure and delineation should recognize the need for urban and rural lifestyles, as well as the cultural differences which exist in this province.
- Municipal government should have a clearly defined area of responsibility, with shared programs kept to an absolute minimum.
- Universal services - services that are available to and benefit all of society - should be provided for on a provincial or federal basis. Local services - services that are and can be influenced by the needs, desires and ability to pay of the local communities - should be provided by municipal government.
- Universal programs should not be subject or vulnerable to a municipal government's ability to pay.

- Municipal government should be structured in such a way as to be financially able to provide the local services required.

- All municipal governments should be required to fund the same services or, conversely, provincial subsidization of a service should be available to all municipal governments on the same basis.

- Municipal government should be assured of a level of autonomy in the government hierarchy.

- There should be a mechanism developed to ensure that municipal government structures reflect the changes that take place over time.

A full discussion of the role and purpose of municipal government, and the attendant principles, is contained in the paper "Local Government: A Foundation", prepared for the Task Force and included in the *Briefing Book*.

2 The Provincial Interest in Municipal Reform

The province has a definite interest in the structure and powers of municipal government in Nova Scotia. Municipal units have responsibility for the provision of many services in which the province also has a legitimate interest. The province assists in funding municipal units, and is called upon when the existing structure is unable to cope with the demands made upon it.

The economic pressures facing all governments, the need to do the best for the taxpayer, and the need for economy in government all mean the province and the municipal units must work together for change. Both levels will have to make solid, hard decisions to get more value from the taxpayer's dollar. There is only one taxpayer, and both levels of government have to ease the burden.

The government of Nova Scotia and the Union of Nova Scotia Municipalities have agreed on a number of objectives. These include:

- to create communities which provide people with the maximum opportunity for self-fulfilment
- to ensure that a variety of settlement patterns and community types are reasonably available to Nova Scotians
- to preserve and develop vital urban centres with a wide range of services, including social, educational, commercial, cultural, governmental and recreational amenities
- to assist rural Nova Scotia in its traditionally rural economic and social pursuits and in its health and safety
- to deliver services to the communities of Nova Scotia based upon their needs, taking into account the differences in population, environmental circumstances, and type of community
- to plan, provide for and finance municipal services in a way which is generally consistent with and complementary to other provincial and municipal policies and programs
- to achieve an equitable, effective and fiscally sound system of municipal government to deliver community services

- to rationalize expenditures by governments and their agencies; only those services that taxpayers can afford to pay for should be provided

- to preserve and develop the local autonomy and self-determination that is necessary to ensure a vital, continuing and responsible system of municipal government in Nova Scotia.

It does not appear that these objectives are being met as well as they might by the existing structure. Towns and cities are faced with declining populations and escalating costs. With residential development in rural municipalities outpacing that of towns, rural governments are under increased pressure to provide a range of services for which they were not designed. Urban areas within rural municipalities are looking for alternatives to the present situation. Some villages, originally established to provide one or two services to a small part of a rural municipality, have grown to be larger than many towns. Some smaller towns are considering dissolution as the only solution to their financial problems. Many local services are in fact delivered by special independent and semi-independent municipal and regional authorities, fragmenting accountability. Large scale commercial and industrial complexes tend to locate in rural municipalities and pay no taxes to nearby towns and cities, which provide required services to most of their employees.

The joint approach to providing services lacks direct accountability and fails to match service requirements with the area to be serviced. As a result, it does not achieve the objectives of a sound municipal system.

The Province also has a direct interest in ensuring that a sensible and fair division of responsibility for delivering and financing services is established.

The Government of Nova Scotia established the Task Force on Local Government, with the cooperation and participation of the Union of Nova Scotia Municipalities, to assess the extent of the problem and to develop recommendations for further consideration. These recommendations are intended to achieve the province's objective of an effective, accountable, efficient and economical system of municipal government in Nova Scotia.

3 Reallocation of Service Responsibilities

The allocation of the responsibility for the delivery and financing of services between the provincial and municipal levels of government has been a matter of discussion and dispute for many years. Services that should be provided on a general basis should be provided by the provincial government. Services that essentially are provided only if, and at the level, demanded by local communities should be provided by the municipal level of government. The Union of Nova Scotia Municipalities has described the principle in one of its three basic objectives:

> Property services should be supported by property taxes and delivered by municipal government. People services are the responsibility of the provincial government and should be financed by general provincial revenues. Both orders of government should continue efforts to reallocate the delivery and financing of services recognizing this basic principle.

This objective has been supported by three successive UNSM conferences, and the general direction was reconfirmed at the March 5th discussion meeting with the mayors and wardens.

A reallocation of responsibilities between types of municipal unit must also be addressed. Towns and cities are responsible for more services (e.g. police and roads) than are rural municipalities, rather than only the different levels of services that one would expect to find being provided for urban or rural type populations. This artificial distinction has been a major impediment to the resolution of boundary issues since it imposes a significant financial barrier to the expansion of urban units.

It is necessary to have clear lines of authority to ensure that both levels of government can be held accountable to their taxpayers. The present situation is confusing. Clear responsibilities are more likely to result in efficient and economical provision of services. Less time and effort will be wasted in conflicts over jurisdiction, arguments over what is and is not a shareable cost, and over whose responsibility this problem or cost really is. Resolution of this issue includes minimizing the number of shared-cost programs. Shared programs tend to divide and diminish responsibility and authority and the ability to manage.

Police

The exact level of police service required in a particular locality is normally determined by that locality. That is a decision which can readily be made locally. Residents of rural

municipalities have little impact on those decisions because their policing is, almost completely, provided and paid for by the provincial government. Police is one of the two main services in which the rural municipalities have a decided advantage over the urban units, who have to deliver and pay for the bulk of the service themselves. Urban units regard this as one of the main inequities in the present system.

Police services (excluding Highway Patrol) should be delivered and financed by local governments.

Most rural units accept the essential fairness of this approach, but have serious concerns over the cost. Any reconstruction of the operating grant (or a replacement equalization grant) will take the new expenditure responsibility into account, directing more of the grant fund to rural municipalities. Tax room will become available when the responsibility for other services is assumed by the province. The province will continue to be responsible for the highway patrol component of police costs, as well as central RCMP services.

Given the expanded role for municipalities in the delivery and finance of police services, there must be municipal representation on the Nova Scotia Police Commission.

Local Roads

Local roads are those that are not considered to be of significance in the provincial transportation network, and are accordingly of primarily local importance. This is an area where, unlike most other provinces, Nova Scotia pays the whole cost in rural areas. The urban units see this as another major inequity in the present system. It is also an area where local government cannot always direct the provision of a local service.

Local roads and streets should be delivered and financed by local governments.

Arterial and collector highways in rural areas should be delivered and financed by the provincial government.

Arterials and collectors are recognized to be an essential part of the provincial highway network, and responsibility for them would be retained by the province. The difference is essentially that all provincial roads numbered from 400 up, or unnumbered (such as many subdivision streets) would become a municipal responsibility, and highways from 1 to 399 would remain provincial.

Arterials and collectors in towns and cities would continue to be cost-shared in recognition of their dual nature. The existing cost-sharing mechanism, which provides for different percentage sharing rates in different towns and cities, based on the old foundation program rates, should be replaced by standard cost-sharing. This cost

sharing should be at a realistic cost level and a consistent percentage. The same cost sharing would apply in all urban service areas, since all urbanized areas should be treated similarly.

Cost-sharing for the construction and maintenance (including snow and ice control) of arterial and collector highways in urban areas should be standardized at 50%. Urban areas would include cities, towns and urban service areas. The Province would pay 100% of the costs of the 100-series highways.

Sidewalks are a purely local matter, and any cost-sharing with respect to the construction of sidewalks should end. Similarly, provincial sharing in the cost of paving village and subdivision streets should end.

Cost-sharing in sidewalk construction should end.

Again, from the viewpoint of rural municipalities there is a significant financial impact, although the net impact will not be as large as would appear from considering the service in isolation. There may also be a real concern about the ability to provide the service, at least in the short run. Contracting arrangements with the province or with private companies will allow for a relatively smooth transition.

Rural municipalities will have to adopt strict standards for accepting local roads from developers.

The fact that both urban and rural ratepayers pay provincial taxes to finance police and roads in rural areas, while the urban ratepayer (but not the rural) has to pay extra for local police and roads, is one of the great inequities in the present system. It can be argued that rural residents tend to pay more in gas taxes, but urban residents pay more income tax. The point is that provincial revenues, however they are derived, are being used to subsidize rural ratepayers. Rural municipalities do not have the same service delivery and financial responsibilities as the cities and towns.

Social Services

Assistance for those less fortunate is a general societal goal, not one restricted to a particular community. Under the present system, the heaviest demands on a local welfare system come when the local area is least able to bear the burden.

Social services consist of a number of programs, all of which ought to be financed and delivered by the provincial government. Homes for special care are at present shared 33 1/3% municipal and 66 2/3% provincial. Home care, shared on the more common 25% municipal, 75% provincial basis (which, after the provincial cap, is roughly 40% municipal

and 60% provincial) is essentially a program designed to reduce dependence on homes for special care, and ought to be treated as part of that program.

General Assistance is theoretically shared 25% municipal, 25% provincial, and 50% federal. Because of provincial limitations on cost-sharing, the shares are 33 1/3% municipal, 16 2/3% provincial and 50% federal. Municipal units administer general assistance. The province administers a parallel program of family benefits. Municipal social services administrators attempt to have cases qualify for family benefits and the province reacts by delaying approvals, and extending the waiting period.

The existence of two administration systems is not cost-effective. In many cases administrative support for municipal social services systems is already provided by the province, by a Children's Aid Society, or by another municipal unit by contract. Shifting the responsibility for service delivery can likely be effected quickly, with minimal disruption. The more significant change may be in the larger units.

On the practical side, provincial responsibility for the social services would eliminate conflicts over the appropriate settlement of a person assisted, since it would no longer determine who paid the bill. As well, a number of municipal units receiving emergency funding from the province have severe financial difficulties primarily because of their very high social services requirements.

The best argument for continued municipal participation in the social services system is the allegation that the municipal units can administer the programs more economically. The province assumes that it will be unable to take regional differences into account, a declaration of lack of competence difficult to credit. Although a few municipal units want to continue to participate in the delivery of social services, most have indicated that they wish to be entirely clear of any responsibility for either finance or delivery aspects. Given the provincial, or even national, nature of the service, local involvement and financing is inappropriate.

Social services should be delivered and financed by the provincial government.

In the field of child welfare, municipalities are required to pay certain apprehension expenses, and a mandatory contribution to the local society responsible for child welfare. This is an example of the evolutionary nature of the provincial-municipal fiscal system. These responsibilities were first added to municipalities when they were solely responsible for such welfare services as existed for the relief of the poor. They are no longer appropriate even if municipalities were to continue to have some responsibility for social services. Using municipalities as bill-payers for services over which they have no control is an infringement on their autonomy.

The provincial government should finance all child welfare costs.

Many municipalities own and operate homes for special care. The Task Force considers that those municipalities that wish to do so should be able to continue to own and operate the homes, recovering their costs from basic charges in the same manner as a private operator.

Public Health

Municipalities have relatively few responsibilities in the field of health care, long recognized as an essentially provincial responsibility. They are still required to pay some hospital bills: overstay when a bed in a home for special care is not available, usually a function of social services, and occasionally acting as bill collector when a patient without settlement does not pay for extra services. Neither of these responsibilities should be municipal.

The local mandatory board of health is charged with responsibility for enforcing various provisions of the Public Health Act, and of the regulations made under it. Most of these are provincial regulations. Many of the local regulations are simple adoptions of a provincial model. The staff for these boards are provincial employees. There is very little local discretion. The system has the appearance of having been developed to make municipalities the enforcers in order to reduce pressures on the provincial rule-makers. In fact, it is simply an anachronistic holdover from the days when municipalities were solely responsible for the entire field of public health.

Public health, hospital services and all health-related services should be financed, enforced and delivered by the provincial government.

Administration of Justice

Municipalities, generally through joint expenditure boards, are responsible for court houses, registries, and other miscellaneous expenditures related to the administration of justice such as prisoner transport and jury fees. Most fines, however, are paid to the provincial government.

The justice system is of province-wide rather than local concern. There is no reason, beyond the financial, for any involvement by local government. The involvement stems from the ancient history of municipal government in Nova Scotia, when the predecessors of the rural municipalities were grand juries and the inferior courts, and has not been justifiable for over a hundred years. Some parts of the system, notably courts of probate and the registries, produce sizable surpluses for the provincial treasury. Given the ongoing discussions about potential consolidation of the courts and registries, continued municipal participation is even less desirable or justifiable.

All costs relating to courts and registries, or otherwise related to the administration of justice, should be borne by the province.

Municipalities are no longer responsible for the delivery of corrections services, although they are still required to make a contribution towards the cost. This is in effect a provincial tax that cannot be defended on any continuing basis.

Municipalities should not be required to contribute towards the cost of corrections.

Fiscal Transfers

Shared cost programs tend to waste the energies of both sides. Sometimes as much time is spent applying for grants and ensuring that a proposed expenditure is shareable as is spent in the delivery of the program. This is a waste of taxpayers' scarce resources. Shared cost programs also tend to confuse the question of responsibility and accountability. No one is quite sure who is responsible for the program. Local governments have been enticed into delivering services with financial incentives that are later reduced or eliminated, imposing the burden of higher taxes or lower service levels on municipal units. Shared cost programs also create artificial distortions in local priorities by reducing apparent costs, and programs are seldom evaluated to determine whether the total expenditure (as distinct from the local cost) is providing value for money.

Shared cost programs should be minimized. Shared cost programs that should end include:

- **public transit subsidies**
- **cost-sharing for district planning commissions and other planning efforts**
- **cost-sharing of building inspection**
- **cost-sharing for business improvement district commissions, industrial commissions and industrial parks, including the Mainstreet program**
- **cost-sharing in the field of recreation and culture.**

Many other shared cost programs exist. Over time, most of these should be eliminated.

The elimination of shared cost programs will remove a source of near-perpetual friction between the province and the municipal units, and in particular concerns over restrictions or caps on what will be shared. It will assist in providing relatively clear fields of responsibility for each level of government, adding substantially to municipal autonomy. By allowing clearer determination of priorities and minimizing the time and effort being put into "grantsmanship", it will assist in achieving more economic government at both levels.

The province imposes financial burdens on municipalities in several fields over which the municipalities have no control, such as the per capita hospital tax, contributing toward the cost of corrections, and the mandatory municipal contribution to school boards.

Municipalities should not be required to contribute towards the cost of any service over which they have no control, and the cost of which they cannot decide.

While municipalities should not, as a matter of principle, be required to contribute towards the cost of education, the Task Force recognizes that at present the mandatory municipal contribution is a provincial property tax that municipalities are required to collect. Municipalities are essentially divorced from any part in the management and control of the educational system. The problem is no more than a financial one, with no implications for structure or service delivery. The system of education finance is currently in a state of flux. Eventually municipalities should be freed of any responsibilities for education finance.

A common problem arises when the province imposes heavy costs on municipalities through the imposition of more stringent regulations on municipal services, particularly water, sewer and solid waste disposal. There is a common perception that these higher standards are imposed without consideration of the costs involved in meeting them. The Task Force considers that more sensitivity should be shown to the financial aspects of higher standards imposed on municipal services. More stringent requirements should not be imposed until the financial implications are evaluated in cooperation with the municipal units affected.

Relatively few units still require emergency funding. Sound restructuring (including reallocation of service responsibilities) should eliminate the need for emergency funding and other forms of special assistance. It may be that from time to time special cases may arise for which short-term funding to assist in a transition is essential. If so, there should be legislated limits (maximum three years) and mandatory review of municipal status by an independent commissioner (see implementation). A unit requiring special subsidies on an ongoing basis should not be separately incorporated.

Grants in Lieu of Taxes

The provincial government pays grants in lieu of taxes on most provincial property. Originally, these grants were the equivalent of full taxes. Recently, these have been frozen. Municipal taxes should be regarded as a legitimate cost of conducting governmental business. Senior levels of government should contribute to the cost of the services they, and their employees, use.

The provincial government should pay full grants in lieu of taxes.

All that is needed is a reinstatement of the program spelled out in the Municipal Grants Act now, without any limitations.

Equalization

The province has a responsibility to ensure that municipal governments all have at least sufficient resources to ensure that they can provide a basic level of local services. At the present time, equalization is provided by the operating grant. The existing operating grant can be readily converted to provide equalization in a revised municipal structure with reallocation of service responsibilities. Since all units will have essentially similar expenditure responsibilities, rural units will receive a substantially higher share of the grant fund than in the past.

The province should continue an equalization grant to assist municipalities that have below average tax bases.

Capital Grants

The Task Force agreed with many municipalities that there would be a continuing need for capital support for recreational facilities. Such grants should only be allocated after the need for the project in a regional context is demonstrated, and its long term economic viability is proven.

Analysis confirms a need for substantial investment in water and sewer related facilities. The cost of water and sewer systems is such that provincial capital assistance must be continued, and perhaps expanded. The present capital grant fund is likely the best source of funds for the increased assistance, provided that the commitment to sharing debt charges under the old Municipal Services Act is not impaired.

Non-Residential Tax Base

The Task Force considered the potential for financing some of the recommended changes by transferring commercial property tax and related revenues to the provincial government. There is some merit to the suggestion. It would tend to a more equal tax base for all units since differences in the concentration of commercial and industrial properties accounts for much of the variation in ability to pay. The commercial tax base, including business occupancy tax and grants in lieu of taxes, produces approximately $260 million in revenue for municipal units. While the Task Force has no recommendation on this subject, further study is merited.

Balancing the Costs

There must be a source of funds to pay whichever level of government ends up less well off financially at the time of implementation. Otherwise, the costs and benefits of the proposed reallocation of services will not balance. For the sake of simplicity, the Task Force in its calculations assumed that the balance could be preserved by changing the operating grant fund.

Other possibilities for a balancing factor have been suggested. One is that municipalities could share in the cost of assessment, or even purchase the service. If they did so, they would have participation in its management. The service could be provided by an Assessment Authority with municipal participation. The Authority might be an agency of the Province such as the Municipal Finance Corporation, but it might equally well be private sector. Any move to charge municipal units for the assessment service received would have to include a guarantee of the accuracy of the assessment roll.

Changes in other continuing shared cost programs could also be used to effect the balance.

Summary

The Task Force recommends that local government provide and pay for police and roads. The province should provide and pay for social services, justice and health. Cost-shared programs should be minimized, and several grant programs eliminated. There is a continuing need for equalization.

The transfer to the province of full responsibility for social services (general assistance, administration, homes for special care, home care and child welfare) will benefit all municipal units. The approximate equivalents in costs (see Table 1), full municipal responsibility for police and roads, will increase the expenditure responsibilities of rural municipalities. Some part of this will be compensated for by changes in the operating grant.

The operating grant formula uses expenditure responsibilities and ability to pay to allocate grants. Ability to pay will not change. As a result, any increase in expenditure responsibility, such as police and roads (the formula does not take into account social services spending), means more operating grant money for the affected units.

Task Force projections suggest that reflecting these new expenditure responsibilities will substantially increase operating grants to rural municipalities, even after the anticipated reduction in the total grant fund.

Table 1 summarizes the results of the recommendations. The operating grant fund was reduced in order to balance the changes.

TABLE 1 – Reallocation of Service Responsibilities

(ooo's – thousands)

	Policy & Standards	*Current Delivery*	*Net Current Operating*		*Change*		*Proposed*	
			1990	*1990–91*				
			Municipal	*Provincial*	*Municipal*	*Provincial*	*Municipal*	*Provincial*
GENERAL GOVERNMENT								
Legislative	Mun	Mun	–	–	–	–	–	–
Administrative	Mun	Mun	–	–	–	–	–	–
Other General Government	Mun	Mun	–	–	–	–	–	–
Total			62,643	–	–	–	62,643	–
PROTECTIVE SERVICES								
Police Protection	Prov	Mun	52,644	–			52,644	–
Urban Areas in Rural Mun. (Class IV)	Prov	Prov	–	6,036	6,036	(6,036)	6,036	–
Rural Area Policing	Prov	Prov	–	21,858	21,858	(21,858)	21,858	–
Highway Patrol	Prov	Prov	–	6,974	–	–	–	6,974
Law Enforcement	–	–	–	–	–	–	–	–
Justice	Prov	Prov + Mun	1,962	532	(1,962)	1,962	–	2,494
Other Law Enforcement	Prov	Prov + Mun	53	–	–	–	53	–
Corrections	Prov	Prov	12,298	17,976	(12,298)	12,298	–	30,274
Fire Protection	Prov	Mun	51,547	–	–	–	51,547	–
Building Inspection	Prov	Mun	3,248	400	400	(400)	3,648	–
Other Protective	Prov	Mun	2,388	–	–	–	2,388	–
Total			124,140	53,776	14,034	(14,034)	138,174	39,742
TRANSPORTATION SERVICES								
Local Common Services	Mun	Mun	19,307	–	–	–	19,307	–
Local Road Transport	Mun	Mun	31,394	–	–	–	31,394	–
Urban Areas in Rural Mun. (Class IV)	Prov	Prov	–	10,267	10,267	(10,267)	10,267	–
Provincial Highways and Rural Areas	Prov	Prov	–	70,873	25,474	(25,474)	25,474	45,399
Municipal Airports	Mun	Mun	449	–	–	–	449	–
Water Transport	Prov	Prov	–	7,202	–	–	–	7,202
Public Transit	Mun	Mun	10,599	3,310	3,310	(3,310)	13,909	–
Other Transportation	–	–	61	–	–	–	61	–
Total			61,810	91,652	39,051	(39,051)	100,861	52,601

TABLE 1 – Reallocation of Service Responsibilities

(ooo's – thousands)

	Policy & Standards	Current Delivery	Net Current Operating		Change		Proposed	
			1990	1990-91				
			Municipal	Provincial	Municipal	Provincial	Municipal	Provincial
ENVIRONMENTAL HEALTH								
Water Supply	Mun	Mun	–	–	–	–	–	–
Sewage Collection, Treatment & Disposal	Mun	Mun	13,915	–	–	–	13,915	–
Garbage Collection & Disposal	Mun	Mun	21,428	99	–	–	21,428	99
Hazardous Waste	Prov	Prov	–	294	–	–	–	294
Other Environmental Health	–	–	204	–	–	–	204	–
Total			35,547	393	–	–	35,547	393
PUBLIC HEALTH AND WELFARE								
Public Health	Prov	Prov	627	–	(627)	627	–	627
Medical Care	Prov	Prov	–	–	–	–	–	–
Hospital Care	Prov	Prov + Mun	–	–	–	–	–	–
Homes for Special Care	Prov	Mun	36,330	64,766	(36,330)	36,330	–	101,096
Social Welfare	–	–	–	–	–	–	–	–
Administration	Prov	Mun	4,916	2,668	(4,916)	4,916	–	7,584
General Assistance	Prov	Mun	23,674	12,479	(23,674)	23,674	–	36,153
Child Welfare	Prov	Mun	–	–	–	–	–	–
Family Benefits	Prov	Prov	–	83,850	–	–	–	83,850
Home Care	Prov	Mun	3,000	4,400	(3,000)	3,000	–	7,400
Daycare	Prov	Mun	–	4,850	–	–	–	4,850
Other Public Health and Welfare	–	–	4,600	–	(4,600)	4,600	–	4,600
Total			73,147	173,013	(73,147)	73,147	0	246,160
ENVIRONMENTAL DEVELOPMENT								
Community Planning & Zoning	Mun	Mun	5,848	1,800	1,800	(1,800)	7,648	–
Community Development	–	–	3,153	–	–	–	3,153	–
Mainstreet	Mun	Mun	–	3,525	3,525	(3,525)	3,525	–
Community Economic Development	Mun	Mun	–	630	630	(630)	630	–
Housing	Prov	Prov + Mun	5,757	7,228	–	–	5,757	7,228
Industrial Parks and Commissions	Prov	Prov + Mun	1,939	665	665	(665)	2,604	–
Other Environmental Development	–	–	1,114	–	–	–	1,114	–
Total			17,811	13,848	6,620	(6,620)	24,431	7,228

TABLE 1 - Reallocation of Service Responsibilities

(ooo's – thousands)

	Policy & Standards	*Current Delivery*	*Net Current Operating*		*Change*		*Proposed*	
			1990	*1990–91*				
			Municipal	*Provincial*	*Municipal*	*Provincial*	*Municipal*	*Provincial*
RECREATION AND CULTURE								
Recreation Facilities	Prov + Mun	Prov + Mun	25,052	–	–	–	25,052	–
Sport – Grants and Assistance	Prov + Mun	Prov + Mun	–	982	982	(982)	982	–
Community Recreation Development	Prov + Mun	Prov + Mun	–	1,749	1,749	(1,749)	1,749	–
Outdoor Recreation	Prov + Mun	Prov + Mun	–	782	782	(782)	782	–
Recreation Facility Development	Prov + Mun	Prov + Mun	–	2,244	–	–	–	2,244
Special Recreation Initiatives	Prov + Mun	Prov + Mun	–	126	126	(126)	126	–
Regional Services	Prov + Mun	Prov + Mun	–	895	–	–	–	895
Cultural Building and Facilities	Prov + Mun	Prov + Mun	1,225	1,301	–	–	1,225	1,301
Other Recreation and Culture	Prov + Mun	Prov + Mun	569	–	–	–	569	–
Total			26,846	8,079	3,639	(3,639)	30,485	4,440
EDUCATION								
Post Secondary Education	Prov	Prov	–	194,465	–	–	–	194,465
Appropriation to School Boards	Prov	Prov	–	557,689	–	–	–	557,689
Mandatory	Prov	Prov	100,049	–	–	–	100,049	–
Supplementary	Prov	Prov	27,891	–	–	–	27,891	–
Regional Libraries	Prov	Prov	8,496	6,937	–	–	8,496	6,937
Museums	Prov	Prov	–	2,817	–	–	–	2,817
Total			136,436	761,908	–	–	136,436	761,908

TABLE 1 – Reallocation of Service Responsibilities

(ooo's – thousands)

	Policy & Standards	*Current Delivery*	*Net Current Operating*		*Change*		*Proposed*	
			1990 Municipal	*1990-91 Provincial*	*Municipal*	*Provincial*	*Municipal*	*Provincial*
FISCAL SERVICES								
Joint Expenditures			–	8,472	–	–	–	8,472
General Government			721	–	–	–	721	–
Police			8	–	–	–	8	–
Law Enforcement			1,334	–	(1,334)	1,334	–	1,334
Corrections			305	–	(305)	305	–	305
Other Protective			221	–	–	–	221	–
Homes (Cape Breton)			7,935	–	(7,935)	7,935	–	7,935
Planning			494	–	–	–	494	–
Natural Resources			184	–	–	–	184	–
Recreation			13	–	–	–	13	–
Debt			254	–	–	–	254	–
Transfers to Reserve Funds			336	–	–	–	336	–
Provincial Transfers			(6,598)	6,598	6,232	(6,232)	(366)	366
Debt Charges			46,293	24,774	–	–	46,293	24,774
Total			51,500	39,844	(3,342)	3,342	48,158	43,186
GRAND TOTAL			589,880	1,142,513	(13,145)	13,145	576,735	1,155,658
PROVINCIAL GRANTS								
Unconditional Operating (Revised)			(31,182)	31,182	10,701	(10,701)	(20,481)	20,481
Emergency Funding			(4,298)	4,298	4,298	(4,298)	–	–
Grants in Lieu of Taxes			–	–	(3,000)	3,000	(3,000)	3,000
Other			(1,146)	1,146	1,146	(1,146)	–	–
Total			(36,626)	36,626	13,145	(13,145)	(23,481)	23,481
NET TOTAL			553,254	1,179,139	0	0	553,254	1,179,139

4 Restructuring Municipal Government

The structure of municipal government in Nova Scotia has remained essentially unchanged since the establishment of the rural municipalities in 1879. It has been added to, altered and adjusted over time to adapt to changing circumstances, usually one problem at a time, generally without any clear overall concept. The existing system demonstrates the flexibility inherent in an evolving system, but also shows many of the weaknesses of structures that have been added to but not reformed. Chief among these is the incredible complexity of the structures that have been added, layer by layer, to deal with evolving intermunicipal cooperative service delivery. These have developed, in turn, from an increasing recognition that many municipal service requirements can only be addressed efficiently on a regional basis.

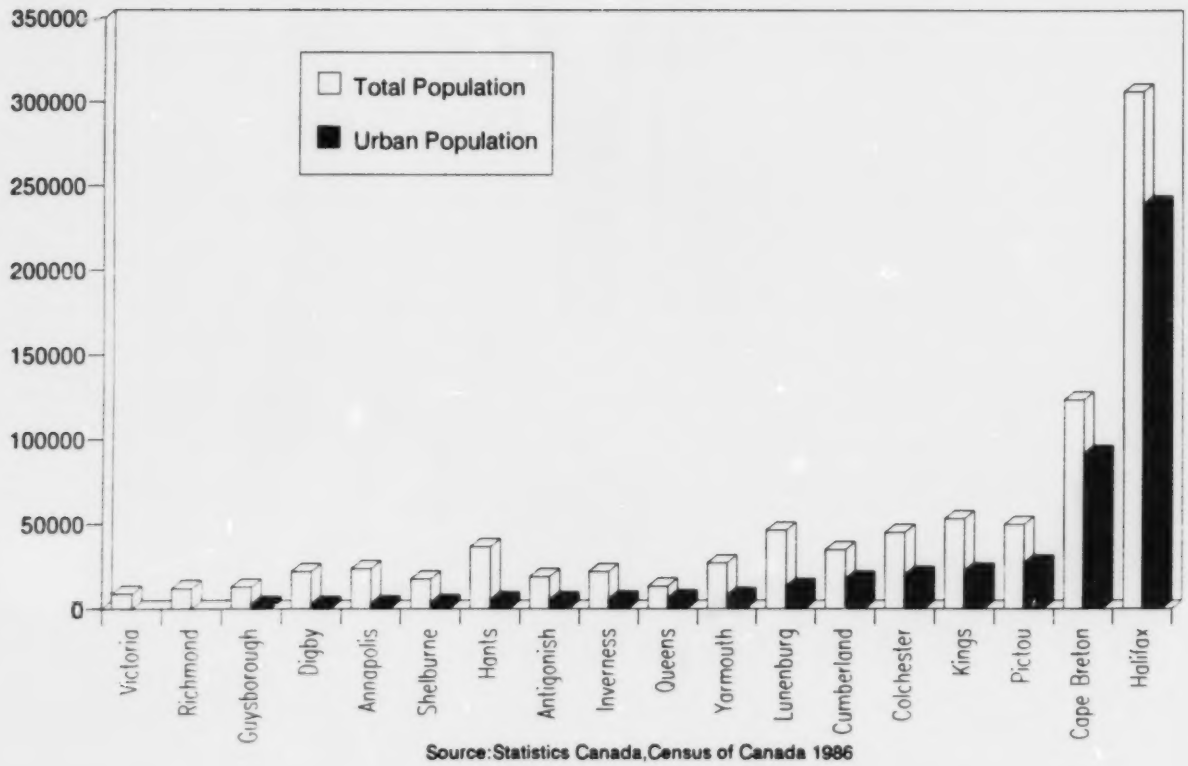
The complexity of intermunicipal arrangements has many disadvantages: accountability is obscured, and citizens cannot readily know who is responsible for a perceived problem; financial arrangements are such that there is often little control over the cost by an individual unit; arguments over who is responsible for any particular problem abound; and additional, unnecessary, administrative structures are frequently established. It is apparent that these problems are similar to those which attend shared cost programs. Even within municipal governments there are many separate boards and commissions that tend to fragment decision-making capability, interfere with efforts at long-range planning, distort accountability and decrease efficiency.

The need for some resolution of structure and boundary problems has long been recognized, although efforts at change have had uneven success. One of the Union's basic objectives addresses the issue:

The objective of the UNSM is the rationalization of municipal political boundaries. Pending any such rationalization all municipal units should strive, where appropriate, to provide services on a voluntary co-operative basis recognizing service boundaries in order to achieve efficiency and cost savings in the provision of property orientated services.

The rationalization of the boundaries and structure of municipal government in Nova Scotia depends in part upon a reallocation of service responsibilities. Specifically, no meaningful reform can be accomplished so long as urban units pay for police and roads, while rural units do not. Provincial responsibility for universal services has lesser effects on structure.

Population by County, Nova Scotia,1986



Source:Statistics Canada,Census of Canada 1986

The Task Force has recognized since its inception that the answers to the structural problems of municipal government go beyond the need to adjust urban boundaries so as to include most settled areas. The Task Force also recognizes that change is less necessary in some parts of the province than others. Nova Scotia is a diverse province. The solutions to the problems of municipal government must also be diverse.

The Critical Regions

The Task Force, in its investigations, identified a large number of situations that had structure or boundary problems. Problem situations included:

- areas with a number of municipal units in one settlement pattern, including situations where a number of towns abut each other, with no current reason for the distinction between one and the other
- areas where substantial urbanized settlement occurred on the boundaries of a city or town, requiring at least two municipal governments to provide services to one community
- towns that do not have the resources to support their administrations
- areas where the main economic base is situate in one unit and the population that work there is in another

Some of these areas were identified as being of critical importance. A region was considered to be of critical importance where a resolution of the problems required substantial restructuring, and where a large portion of the population was affected. In some of these cases restructuring could be identified as resulting in substantial savings. While the provable financial savings from restructuring tend to be relatively small, the creation of more effective municipal governments that do not have to devote a major portion of their resources to squabbling with their neighbours has the potential to create major savings since sound expenditure decisions based on the requirements of the whole community are more likely.

Cape Breton County

The existence of eight separate municipal units within what amounts to one community has long been criticized as perhaps the most obvious example of over-government at the municipal level. Other problems include:

- on the north side of Sydney Harbour, there are two towns that abut each other: North Sydney and Sydney Mines, and a substantial urbanized population in the rural municipality in Florence
- Glace Bay and Dominion are abutting towns, with the additional densely settled area of Reserve Mines in the rural municipality
- Scotchtown and New Victoria abut the town of New Waterford
- the City of Sydney has substantial urban overspill in Sydney River, Mira Road, Coxheath, Westmount, and Grand Lake Road
- a major economic base, Fortress Louisbourg, is outside the town of Louisbourg
- the mines that are a major source of employment tend to be developing outside the towns
- a substantial network of intermunicipal agencies (such as Jointex) and other cooperative arrangements has developed
- a number of the units have serious financial problems

Pictou County

There are six separate municipal units in Pictou County. Problems include:

- the four towns of Trenton, New Glasgow, Stellarton and Westville abut
- Scott Maritimes and Michelin, the county's major employers, are located in the rural municipality

There is relatively little urban overspill, limited to small areas such as Priestville, Hillside, Abercrombie Road and Fraser's Mountain.

Halifax County

The major metropolitan area of the province is divided among four municipal jurisdictions. Problems include:

- the two cities of Halifax and Dartmouth, the town of Bedford and the Municipality of the County of Halifax all have substantial urban populations demanding similar levels of service

- the two cities and Bedford form a continuous band around the harbour

- there are very large areas of urban overspill, some of which are demanding urban-type government: Sackville, Cole Harbour, Westphal, Beechville, Lakeside, Timberlea, Herring Cove, Waverly, Fall River, Eastern Passage

- there are two villages in the County: Uplands Park (near Bedford) and Waverly

Colchester County

The situation in Colchester County is somewhat different. The major urban concentration around Truro is governed by three units: the town of Truro, the Municipality of the County of Colchester, and the village of Bible Hill. Bible Hill is large enough by itself to rank in the middle third of towns in Nova Scotia. Other problems include:

- the major population centre is under the jurisdiction of three different types of municipality

- there is substantial urban overspill in Bible Hill, Salmon River, Valley, Hilden, Truro Heights and Lower Truro

Kings County

Kings County has some resemblance to Colchester County, since New Minas is another extremely large village. The county has more villages than any other, and is quite densely populated throughout the Valley floor. Other problems include:

- Kentville, New Minas and Wolfville are part of a near-continuous line of settlement

- abutting Kentville are major urban populations in Coldbrook, New Minas and North Kentville

- near the Kentville corridor are further urban concentrations in Centreville, Greenwich, Port Williams and Grand Pré

- Statistics Canada considers Berwick and Waterville to constitute a single urban area

- the villages of Kingston and Greenwood in the western end of the County have a combined population near 4,000

Major restructuring in Cape Breton County, Pictou County, Halifax County, Colchester County and Kings County is the first priority.

The Task Force considers that these five regions are the priority areas for municipal restructuring. Complete restructuring does not appear to be as necessary in the rest of the province, where more traditional remedies will resolve the problems. That is not to say that there are not significant problems, different mainly in scale, in the rest of the province that have to be addressed.

The Less Critical Areas

The Task Force identified many more problem areas than the five most critical regions. These problems need to be addressed, and without undue delay. However, it does not appear that restructuring the county is the best answer to these situations.

- Port Hawkesbury, Port Hastings and Point Tupper appear to form one community
- Mulgrave and Auld's Cove seem to have a common interest
- Mulgrave has extraordinary financial difficulties
- Canso has significant financial difficulties
- Canso, Hazel Hill and Dover are quite closely connected communities
- Antigonish town has some urban overspill, and is ringed by serviced areas
- the Mount Uniacke area of East Hants forms part of a continuous settlement pattern extending outwards from metropolitan Halifax-Dartmouth
- the Enfield-Elmsdale-Lantz-Shubenacadie corridor through parts of three counties is heavily settled with substantial services
- Windsor has large adjacent developed areas in Falmouth and Three Mile Plains
- Hantsport, which has considered reverting to village status within Kings County, has adjacent development in Kings County (Hants Border)
- Middleton has an adjacent developed area in Nictaux

- Bridgetown has some urban development to the north and south (Carleton Corner)
- Annapolis Royal is the smallest town in the province, but has adjacent development in Granville Ferry and Lequille
- Digby has some adjacent development (mainly commercial) in Conway
- Yarmouth has commercial development on its fringes, as well as nearby urban development in Milton Highlands and Hebron
- Shelburne has some urban development and an industrial park adjacent to it (Sandy Point)
- Liverpool, Milton and Brooklyn are close to each other, and have a combined population of about 5,000
- the major source of employment in the Liverpool area (Bowater Mersey mill) is situate in the neighbouring village of Brooklyn
- Bridgewater has a quite densely populated urban area adjacent to it (Hebbville)
- the main source of employment in the town of Lunenburg, the National Sea plant, is located outside the town

The boundary problems in the rest of the province, starting with those identified by the Task Force, must be addressed.

There are a number of small rural municipalities. The Task Force has not determined that any should be amalgamated, although there might be some benefit in a few cases. In reviewing changes of that kind, the special nature of the communities has to be taken into consideration. The Task Force has not determined that these amalgamations would be advantageous. Further study would be necessary. The potential gains are small enough that changes of this type must have a relatively low priority.

Possible amalgamations of some of the smaller rural municipalities can be considered in the future.

The Preferred Structure

The reorganization of any system of local government must always balance the requirements of accountability and accessibility with those of efficiency and economy. The Task Force sought for a simple, readily understood system that would improve actual

accessibility simply because it was more effective, and elected members would be able to respond to the concerns of their electorate. That is the main goal of the recommendations on services: a clarification of responsibility for services based on the simple proposition that services of province-wide importance, such as health and social services, should be provided by the province, and services of primarily local importance should be provided by local government. The structural recommendations are based on a similar premise: the system of government must be understandable, and capable of responding to citizens' concerns.

The Task Force considered a number of alternatives explored in detail in the *Briefing Book*.

The possibility that there should be no municipal government in some areas of the province was rejected, since representation of the interests of its citizens is one role of municipal government, and no one should be deprived of that representation even if that person resides in such a remote area that virtually no services are provided by a local government. It has also proved to be useful to have a structure in place to respond to the emerging needs of developing areas. With responsibility for police, roads, planning and regulatory services at the local level, it would be difficult to say that no one received any local government service.

A second alternative, that rural areas be governed by local governments that had responsibility for rural services only, was also rejected. While the responsibility of rural units for urban-type services such as sewer and water will undoubtedly decline if most serviced areas are included in an urban unit, there are a number of serviced areas too small and remote for that solution. Creation of special service authorities would only add to the fragmentation of local government, not resolve its problems.

Larger scale governments, at least in those areas with substantial urban populations, will help to eliminate the need for multiple special purpose bodies, particularly those required to implement regional cooperation. A two-tier structure, which adds one more government to all or most of the existing units was rejected for a number of reasons. Rather than simplifying the structure, it complicates it. Understanding local government, and who is responsible for what, is more difficult. Lines of responsibility are blurred and conflict between the local and regional governments is probable. Total governmental costs will probably be increased rather than reduced. The defects are similar to those of shared cost programs.

A unitary government (one-tier), on the other hand, is clearly responsible for all local services in the region. Its members are thus readily accountable. The inefficiencies in multiple bodies with overlapping tasks are avoided. It is probably more economical than the combined units it replaces (certainly so if three or more units are replaced). It is able to take a broad view of the entire range of services, the tax burden that people can bear,

and the service needs of the entire community. This will lead to efficiencies in decision-making, and less wastage of public funds generally.

The recommended unitary local governments will result in substantial savings for the taxpayer. Some of these savings will come from displacement of present staff. Most staff reduction can be accomplished by way of attrition, early retirement or other appropriate mechanism.

Unitary (one-tier) local governments are the preferred form of local government in any restructuring.

The boundaries of the existing eighteen geographic counties should not be changed for municipal government purposes without good reason. There are exceptions, such as the apparent desire of Hantsport to be included within Kings County (it is already part of the Kings District School Board).

The Task Force considered that the probable maximum size of a unitary local government was an existing county. The report of an implementation commissioner would have to address the precise boundaries, and determine whether, in fact, the perception that county boundaries should not be altered is correct in any particular case. There should not be any restriction preventing the boundaries of a unitary local government from crossing county lines if it is desirable and wanted by the people, nor should there be any requirement that a unitary local government include the whole of a county.

The inclusion of more than one county in a unitary local government may be desirable in some cases not considered by the Task Force to be critical.

How small can a unitary local government be and still function? The Task Force considers that in the critical regions the unitary local government should probably include the whole county.

All units in the county are normally involved in regional services and cooperative efforts of one kind or another. If there is more than one unitary local government in what amounts to the same community, the need for regional organizations, special purpose bodies and cooperative arrangements continues. The goal of an understandable, accountable, effective government has not been fully achieved.

It may be in cases where large, sparsely settled rural areas are involved that inclusion of the full county is not desirable or wanted. The implementation commissioner would be expected to make recommendations, and if necessary justify a deviation from the existing county lines based on settlement patterns, efficiency and local preferences.

While semi-independent boards and commissions provide a valuable resource by involving more people in local government, it is important that their powers be clearly limited to advisory functions. That way their important contributions can be continued, while the decision-making authority is kept by the councillors who are elected to make those decisions.

Special purpose bodies that can impose tax burdens will have to be limited, particularly those that can tax directly (such as a business improvement district commission). A single-purpose taxing authority tends to overlook the overall requirements of the community and focus on its own service. That narrow viewpoint usually results in overall taxes higher than they would otherwise be, one more of the unfortunate side effects of fragmentation.

Just what advisory structure is most useful can best be established on the local level, and need not be determined in legislation.

In some parts of Canada, when larger units of municipal government were established, special provision was made for citizen participation on a sub-regional or large neighbourhood level. These attempts have had uneven success. The Task Force considers that the best forms of citizen participation tend to arise from the community itself.

People feel most comfortable with whatever structure they choose for themselves, whether it be a ratepayers' association, an advisory committee, or an informal group gathered to express concerns. The advice, expressions of concern and help that these volunteers can provide are invaluable to effective local government.

One special source of volunteer contributions to the community comes from the many volunteer fire departments that serve most of Nova Scotia outside the cities. None of the recommendations affect them. Volunteer fire departments are an essential part of community life, and there is no need to tamper with them.

It is anticipated that a unitary local government will be able to set a variety of tax rates, with powers similar to those now utilized by rural municipalities to set area rates. That would allow the tax rate to reflect more closely the level of services actually being received by taxpayers in different parts of the region. Provision could also be made for a minimum tax per household.

Most likely a unitary local government will establish an urban service rate for the serviced areas, and a much lower general rate would apply in the other areas. There could be local variations for differences in services or programs provided, such as an area rate in a rural area to pay for street lighting, as is common now, or perhaps an area rate in a downtown area to pay for business improvement projects.

The Task Force does not recommend that a unitary local government structure be established throughout the province. The advantages of such a structure are less apparent outside the critical regions. The problems are of lesser magnitude, and tend to be focused less on regional issues. Essentially, the system works. The problems outside the critical regions can be addressed by a resolution of the boundary problems between urban and rural units.

A number of suggestions for the establishment of one-tier regional governments were made. If the local units request the adoption of a unitary local government, which may be preferable to them to enlarging urban unit boundaries, then the Minister should appoint a commissioner to investigate the establishment of unitary local government for that area. The critical areas are not necessarily the only areas in which unitary local government is desirable; they are the areas where unitary local government is essential.

The actual implementation of a unitary local government would follow the report of an implementation commissioner, who would be expected to engage in full discussions with all affected parties, and provide guidance on the specifics of restructuring such as precise boundaries, name of unit, size of council, initial electoral districts, initial administrative structure, transitional arrangements and the like. The commissioner's terms of reference would prohibit consideration of a two-tier structure.

Land Use Policies

It will be necessary to develop provincial land-use controls, incentives and disincentives to ensure that the existing structural problems do not arise again in a different place. Development outside defined development boundaries should be discouraged and within those boundaries should be encouraged. The eventual costs for piped services if such a program is not established will be severe burdens on both levels of government. Otherwise, even the creation of boundaries for urban units that include room to grow will not stop sprawl, and the existing problems will recur.

Resolving Future Structure and Boundary Issues

An active program of boundary realignment should be pursued, characterized by one councillor as "annexation without unhappiness". Mandatory reviews of the boundaries of all urban units and unitary local governments would be needed on a regular basis, preferably every six years on the same cycle as reviews of polling districts (which should include wards). Any developed land adjacent to the town would normally be incorporated within it. As well, any town that required special subsidies would be examined by an independent commissioner for dissolution, with mandatory dissolution after the third year a special subsidy was received. Any area adjacent to a town that had 60% of the lots

improved would be examined by an independent commissioner for inclusion in the town. The assumption that the commissioner would be directed to adopt would be that the area should be included in the town unless shown not to have urban character.

Any town that attains a population of 10,000 should be examined by an independent commissioner to determine whether it would be appropriate to incorporate a new unitary local government based on the town. A commissioner could also investigate the feasibility of the establishment of a new unitary local government when requested by one of the units in the affected area. It is not envisaged that new towns would be incorporated, since only one has been incorporated since 1923. Rather, if the need for a town becomes apparent, the investigating commissioner would be directed to consider first whether a unitary local government might be appropriate for the area including the community for which town status is considered.

An active program of boundaries adjustment should be pursued, including scope for public involvement, negotiation, conflict resolution and fact-finding rather than an adversarial framework.

5 Implementation

In order to implement the reforms recommended by the Task Force, it is necessary to establish first that the recommendations on service delivery and finance are accepted. The recommendations on local responsibility for police and roads are essential to any successful alteration in the present structure of municipal government. The other recommended changes (apart from their own merits) are related in the sense that they are necessary to ensure roughly equal financial burdens are transferred from the province to municipal government, and from municipal government to the province.

Next, it is necessary to appoint implementation commissioners for each of the five critical regions.

Once the report of the implementation commissioner is received, there should be a period allowed for further comment on the specifics proposed before the Minister announces the final decision to constitute the new unitary local government.

A council for any new unit would be elected well in advance of the implementation date. Members of existing municipal councils could stand for election to the new council. An implementation task force of officials from the existing units could work with this council to facilitate the transition.

Phasing Shifts in Financial Burdens

The results of the recommended reallocation of service responsibilities will increase taxes for ratepayers in many rural municipalities. The changes are not as great as many fear since they are balanced in part by responsibilities such as social services to be assumed by the province, and because any fair change to the operating grant will ensure that much more of the grant fund will be paid to rural municipalities. There will still be some change that will have to be phased in to allow taxpayers to adjust. The funds necessary to provide for an orderly phase-in over three years are available from the operating grant itself, and can be diverted from those units that gain to those that lose for a short transitional period.

Operating grants for units that gain from the recommended changes in service responsibilities should be reduced, and the operating grants for those that lose should be increased, in order to phase in changes in tax burden in three years.

The relevant provincial departments will have to consult with municipal government on all aspects of the transfer of responsibilities. Ongoing consultation will be essential to successful implementation.

Implementing Change in the Critical Regions

The first requirement for change in the structure of local government in the critical regions is a commitment by the provincial government to the establishment of unitary local governments as recommended.

The next step is the appointment of an implementation commissioner to advise on the appropriate form of the new government. The commissioner should be independent of both the provincial government and of any existing municipal unit in the implementation area. The commissioner must be well-qualified and respected in the community.

The commissioner's terms of reference would provide that only unitary (one-tier) local governments could be considered.

Virtually all of the details of implementation would be up to the commissioner. In the preparation of the implementation report, the commissioner will be required to consult with the existing elected and appointed municipal officials and also with the general public, through information sessions and public hearings. The report would cover such matters as boundaries, council representation, transitional arrangements, number of councillors, electoral districts for councillors, name of the new government, financial impact, timing of implementation and such other matters as may have to be addressed to facilitate implementation.

The commissioner would report to the Minister of Municipal Affairs within six months or within such other period as may be stated in the appointment.

The report would be made public, and an opportunity of two months or so allowed for further comment on the specifics.

The Minister would then order implementation based on the report, with such changes as a result of the comments received as might be considered appropriate.

An implementation commissioner should be appointed for each of the five critical regions.

Implementing Change in the Less Critical Regions

To resolve the various boundary problems in the less critical regions, an investigative commissioner should be appointed to consider each of the problem areas identified by the Task Force. More than one commissioner would be required in order to achieve the objective in a reasonable time. The commissioner would have as directions the requirements that have been recommended for ongoing review:

- any developed area adjacent to an existing town should be included in the town unless it could be shown not to be part of that urban community
- unitary local government may be a preferable solution
- consultation with elected and appointed officials and the public is essential.

Investigative commissioners should be appointed to consider each of the problem areas identified by the Task Force as well as such additional problem areas as may subsequently be identified.

The same process of consultation, report, comment and implementation as would occur in the case of an implementation commissioner would be followed.

Legislative Framework for Implementation

The recommended reallocation of services will require amendments to a large number of provincial statutes. Many of these amendments are of relatively minor import, since they relate essentially to authorization for some provincial grants, or to costs levied on municipalities. Other changes, such as those required in the Social Assistance Act or the Health Act, are more consequential. Among the statutes that must be changed are the following:

Building Code Act
Children and Family Services Act
Corrections Act
Costs and Fees Act
Court Houses and Lockup Houses Act
Education of the Blind Act
Family Benefits Act
Family Court Act
Family Maintenance Act
Health Act

Homemakers Services Act
Homes for Special Care Act
Hospitals Act
Juries Act
Justices of the Peace Act
Municipal Grants Act
Night Courts Act
Planning Act
Police Act
Probate Act
Prothonotaries and Clerks of the Crown Act
Public Highways Act
Public Offices and Officers Act
Registry Act
Settlement Act
Sheriffs Act
Social Assistance Act

Additionally, changes would be required in the basic municipal legislation: Municipal Act, Towns Act, and the three city charters.

To allow for the proposed structural changes, permissive legislation is needed.

The first necessity is a Unitary Local Government Act, to provide a framework for the recommended structure and to authorize its establishment in such areas as the Minister of Municipal Affairs may determine after consideration of the report of an implementation commissioner. Eventually, a combined statute to incorporate most of the legislation relating to local government in Nova Scotia should be adopted. Some of the comments received suggested that a part of the reason for conflicts between cities and towns on the one hand, and rural municipalities on the other, was based in the fact that each is governed in part by different legislation. A common statute would also contribute to simplifying the complexities of local government, and making it more understandable to citizens generally.

Secondly, there must be authorization for the Minister to appoint an implementation commissioner, with defined terms of reference (including specification of the intended result in general terms), to make detailed recommendations for the restructuring and implementation of a one tier regional form of local government in the designated priority areas after careful consideration of the facts and consultation with those involved and with the general public. The commissioner would report to the Minister. There would be an opportunity for further comment, and the Minister would by order effect the restructuring. Legislative authority sufficient to cover all matters that might have to be covered in such an order would be required as part of the Unitary Local Government Act.

A third requirement is legislation establishing mandatory reviews:

- any municipal unit that requires special subsidies would be examined by an independent commissioner for dissolution (mandatory dissolution after the third year a special subsidy was received)

- any area adjacent to an existing incorporated urban area that with 60% of the lots improved would be examined by an independent commissioner for inclusion (with the assumption that it would be included unless shown not to have urban character)

- any urban area that attains a population of 10,000 would be examined by an independent commissioner to determine whether it would be appropriate to incorporate a new unitary local government

- all local government boundaries would be reviewed at least every six years to determine whether changes were desirable and any serviced area adjacent to the town would be incorporated in it.

The legislation should include provision for the investigative commissioners required to address the less critical problem areas.

Legislation providing for the recommended reallocation of services, and establishing the framework for the recommended restructuring, should be prepared at an early date.

6 Conclusions and Future Directions

There is a general acceptance of a need for change in the structure of municipal government in Nova Scotia. Several units have warned against change for the sake of change: "If it ain't broke, don't fix it." They go on to add that if it does have to be fixed, don't tinker: do the job right. The Task Force has followed these guidelines.

The recommendations will result in a major realignment of responsibility for services. Services of general benefit should be delivered and financed by the province, and services of local benefit should be delivered and financed by local governments. The province and the municipal units should have clearly defined, separate servicing responsibilities, so that each can be master in its own house. This separation of powers will result in a more economical and efficient system of government that is also more effective and accountable.

The Task Force recommends major restructuring of local government. Unitary local governments should be established in at least the five counties identified as critical regions: Cape Breton, Pictou, Halifax, Colchester and Kings. Over time other unitary local governments might be established, but that need is not as critical. In other areas boundary adjustments are essential, directed to ensure that the existing urban units are given jurisdiction over the entire urban community of which they are the focus. The fragmentation of municipal government into semi-independent boards and commissions must be minimized.

The proposed restructuring will also assist in having local governments that are more economical and efficient, and more effective and accountable.

Both reallocation of service responsibilities and restructuring local government have common goals. The long-term benefits, chiefly the opportunity for better decision-making, will be the most important advantage of the change, even though there will be significant savings in administrative costs even in the short-term.

Details of implementation in specific cases will have to be determined by independent investigations of each that allow for consultation with all those affected, including the general public.

The recommended changes constitute basic reform with both immediate benefits and even more significant longer-term advantages.

Restructuring local government will require a strong commitment from the provincial government. The province has much to gain from a stronger, more effective municipal government structure, as a partner in providing services to Nova Scotians.

Recommendations

Realignment of Responsibility for Service Delivery and Finance

- Police services (excluding Highway Patrol) should be delivered and financed by local governments.
- Local roads and streets should be delivered and financed by local governments.
- Arterial and collector highways in rural areas should be delivered and financed by the provincial government.
- Cost-sharing for the construction and maintenance (including snow and ice control) of arterial and collector highways in urban areas should be standardized at 50%. Urban areas would include cities, towns and urban service areas. The Province would pay 100% of the costs of the 100-series highways.
- Cost-sharing in sidewalk construction should end.
- Social services should be delivered and financed by the provincial government.
- The provincial government should finance all child welfare costs.
- Public health, hospital services and all health-related services should be financed, enforced and delivered by the provincial government.
- All costs relating to courts and registries, or otherwise related to the administration of justice, should be borne by the province.
- Municipalities should not be required to contribute towards the cost of corrections.
- Shared cost programs should be minimized. Shared cost programs that should end include:
    - public transit subsidies
    - cost-sharing for district planning commissions and other planning efforts
    - cost-sharing of building inspection

- cost-sharing for business improvement district commissions, industrial commissions and industrial parks, including the Mainstreet program
- cost-sharing in the field of recreation and culture.

- The provincial government should pay full grants in lieu of taxes.

- The province should continue an equalization grant to assist municipalities that have below average tax bases.

Restructuring

- Major restructuring in Cape Breton County, Pictou County, Halifax County, Colchester County and Kings County is the first priority.

- The boundary problems in the rest of the province, starting with those identified by the Task Force, must be addressed.

- Possible amalgamations of some of the smaller rural municipalities can be considered in the future.

- Unitary (one-tier) local governments are the preferred form of local government in any restructuring.

- An active program of boundaries adjustment should be pursued, including scope for public involvement, negotiation, conflict resolution and information collection rather than an adversarial framework.

Implementation

- Operating grants for units that gain from the recommended changes in service responsibilities should be reduced, and the operating grants for those that lose should be increased, in order to phase in changes in tax burden over three years.

- An implementation commissioner should be appointed for each of the five critical regions to get input from present units and the public and recommend the final structure to the Government.

- Investigative commissioners should be appointed to consider each of the problem areas identified by the Task Force as well as such additional problem areas as may subsequently be identified.

- Legislation providing for the recommended reallocation of services, and establishing the framework for the recommended restructuring, should be prepared at an early date.

The foregoing are the specific or directional recommendations. Solutions to a number of other problems are addressed throughout the text.

Future Directions

With the submission of this report the Task Force on Local Government has completed its mandate and stands dissolved.

The report and the recommendations should now be fully discussed by everyone interested in local government in Nova Scotia. In many cases the recommendations are directed to the establishment of an implementation process that will allow for full consultation with all affected parties.

The report will be communicated to the Union of Nova Scotia Municipalities and all municipal units at an early date, to allow time for consideration and response. Similarly, all affected departments of the provincial government should be advised. Opportunities for considered discussions should be afforded for both elected and appointed officials, on a regional or provincial basis through the Union of Nova Scotia Municipalities and the Association of Municipal Administrators, either jointly or (given the different emphasis of each) separately.

It is important that the municipal units be advised of what is in the report, that they be given a fair opportunity to discuss and comment before final decisions are made, and that a firm decision then be made.

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Appendix A: Municipal Responses

The Task Force appreciates the responses which were received from the following municipal units and other interested groups and has tried as much as possible to incorporate the responses into the Report:

Town of Antigonish
Town of Bedford
Town of Berwick
Town of Bridgetown
Town of Bridgewater
Town of Clark's Harbour
Town of Hantsport
Town of Kentville
Town of Liverpool
Town of Lockeport
Town of Lunenburg
Town of Mahone Bay
Town of Middleton
Town of Mulgrave
Town of New Glasgow
Town of New Waterford
Town of Oxford
Town of Parrsboro
Town of Pictou
Town of Shelburne
Town of Springhill
Town of Stellarton
Town of Trenton
Town of Westville
Town of Windsor
Town of Wolfville
Town of Yarmouth

Municipality of the County of Antigonish
Municipality of the District of Argyle
Municipality of the District of Barrington
Municipality of the County of Cape Breton

Municipality of the District of Chester
Municipality of the District of Clare
Municipality of the County of Cumberland
Municipality of the District of Digby
Municipality of the District of East Hants
Municipality of the District of Guysborough
Municipality of the County of Kings
Municipality of the District of Lunenburg
Municipality of the County of Pictou
Municipality of the County of Queens
Municipality of the County of Richmond
Municipality of the District of Shelburne
Municipality of the District of St. Mary's
Municipality of the County of Victoria
Municipality of the District of West Hants
Municipality of the District of Yarmouth

Municipal Leaders of the County of Annapolis and the Towns of Middleton, Bridgetown and Annapolis Royal

Bridgewater Museum Commission

Appendix B: Task Force Members

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Deputy Minister
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John Burke
City Administrator
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Christine McCulloch
Senior Solicitor
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Gary Morse
Chief Administrative Officer
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Consulting Associate
Doane Raymond

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Partner
Orlando & Hicks
Bridgetown

Appendix C: Briefing Book

Task Force on Local Government

Briefing Book

For discussion at a meeting between
the Minister of Municipal Affairs
and the UNSM Executive and Mayors and Wardens

March 5, 1992

NOTE:

The papers included in this book are discussion documents only that have been developed by the Task Force and do not represent the views of any one group. They are to be used at the meeting of the Minister of Municipal Affairs, UNSM Executive, Mayors and Wardens and members of the Task Force on Local Government. No decisions have been made on any of the material contained in the document.

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1. Task Force on Local Government Structure Project Outline

OBJECTIVE:

To develop a strategy that will lead to the design and implementation of an appropriate form of local government for Nova Scotia in accord with existing settlement patterns that balances the concepts of economic and service-delivery efficiency with those of accountability and accessability.

SCOPE:

Appropriate boundaries for governmental units, the way to define them, and the means of implementing changes to achieve them, are a priority objective. Uniformity is not a primary criterion if different approaches appear to be necessary in different parts of the province.

Consistent with the achievement of effective governmental units that are accountable, accessible and responsive is the need to rationalize public and private costs of local government and the Government of Nova Scotia.

Factors that must be taken into account in the process include more than the purely financial. The appropriate forms of local government are constrained by the existing settlement pattern. Planning concerns and development constraints and controls are important concerns that must be addressed.

Specifics of changes required in existing institutions and procedures, and the implementation of those changes, will have to be developed.

The Study will include a review of the service delivery responsibilities between the Province and municipalities with particular emphasis on fiscal arrangements.

METHODOLOGY:

The Task Force will have the primary responsibility for the development of the policy and the implementation strategies with the assistance of consultants retained by the Department of Municipal Affairs. This will require a number of regular half-day sessions, probably two a month for four months or thereabouts. Resources required for analytical work, background research, and similar requirements will be provided by the Department of Municipal Affairs on a priority basis. It is anticipated that this work will be performed in-house. The consultants will provide guidance and direction for this work.

A Symposium to allow for guidance from a broader selection of municipal leaders will be required as part of the process. Advice from appointed officials should also be sought.

It will be necessary to ensure that the roots of problems are exposed so that causes rather than symptoms can be identified and, to the extent possible, remedied. The consultants are to be active participants in the process. The consultants will not, however, develop the policy and implementation studies for review by Task Force. They are to assist Task Force in the achievement of that objective.

PLAN OF WORK:

This outline of the approach to be taken may be varied, as agreed by the consultants and Task Force, as may be required to ensure the achievement of the objective within the time limited for it.

The initial phases of the project will require the assembly of information by geographic area. Information will include details of the settlement patterns, boundary problems, servicing (to include what services are available, what are required, and what service delivery problems are faced), finances, planning, large industrial assessments, and financial or other problems being experienced. This information should be presented to Task Force by the departmental officials responsible for assembling it.

Information from other areas must also be acquired. This should include municipal boundaries experience from provinces where the process seems to work, and not work, and the practical application of concepts developed to allow a degree of local autonomy within municipal units. The information must be presented to the Task Force.

Department officials should prepare a number of position papers with background and alternatives for the Task Force on matters such as defining the problem so far as possible, boundary criteria, planning and development criteria, financial criteria, a boundaries commission, and alternatives for urban forms of government.

The Task Force will examine the current service delivery systems and financial arrangements between the Province and municipalities to ensure responsibilities are allocated between these levels of government on a rational basis.

The Task Force will then develop policy and implementation strategies. Working from a basic understanding of the nature of the perceived problem, a design or designs will be developed and reviewed in the context of the base information provided with respect to the different areas of the province. Finally, the Task Force will develop an implementation strategy to lead eventually to the recommended result.

From time to time in this process, which may take three to four months of fairly intensive work, the Task Force will want to consult municipal leaders and municipal administrators. A Symposium of municipal leaders should be convened after the initial work, but before Task force comes to tentative conclusions, in order to allow for the contributions of elected municipal leaders to the development of the policy.

It would be useful for Task Force to consult with officials from other provinces in a confidential setting in Nova Scotia about their experiences.

SUMMARY:

The objective is to develop a new concept of appropriate local government responsibilities, structure and boundaries together with the practical means to ensure that this concept can be put in place within approximately four months (i.e, April 30). The consultants can provide leadership, advice, and focus, but the development of the concept in as much detail as feasible within the time period is the responsibility of the Task Force. A complete achievement of the full terms of reference within the time specified may not be realistic. In that event, it will be necessary to detail some areas for further study and consideration in order to ensure that the primary objective can be met.

January 15, 1992

2. Local Government: A Foundation

INTRODUCTION

In the examination of any structure, system, or process, for the purpose of illustrating change which may be necessary, it is essential that certain key factors be identified. The role and purpose must first be confirmed. Closely related to the purpose is the establishment of fundamental principles, which must be adhered to when change is contemplated. Identification of the underlying issues and problems which led to the need for a review is also an essential part of the examination process. Properly identified, the role and purpose, together with the principles, will provide a foundation on which any proposed change can be based.

The objective of this paper is to discuss these factors relative to local or municipal government in order to establish a foundation for the existence of local government and a basis for measuring any change that might be proposed.

HISTORY

A discussion of the role and the principles would not be complete, or perhaps even relevant, without an overview of the history of local government.

Local government was derived from the need for some form of local decision-making in early Canada in response to patterns of human settlement. Municipal government evolved as a result of urbanization and was shaped by the culture and heritage of our ancestors, particularly the French, British and Americans.

When the French ruled in the 1600's and through the mid 1700's, the emphasis was on central government with little or no local input.

Under British influence, the Courts of Quarter Sessions were established and justices of the peace performed judicial, as well as local administrative functions. As the population increased, more and more local matters were handled by the Courts. This system remained in place until the mid 1800's.

One of the most significant influences on modern-day municipal government was the immigration of the United Empire Loyalists with their demands for a democratic process, brought with them from the New England States. They were experienced in local government and demanded representation, a democratic process and a say over local affairs. British rulers were reluctant to create a situation similar to the New England style town meetings which they considered to be "mob-rule" and which they felt had led to rebellion and the American Revolution, yet, they could not ignore their demands.

In the late 1830's, Lord Durham was sent to Canada as High Commissioner to examine the form that government should take in these British "provinces". It is interesting to note that Lord Durham stressed the importance of establishing local government. K. Grant Crawford in his book, Canadian Municipal Government, referred to Durham's Report:

> "In discussing local management and the distribution of funds for local purposes, he advised that 'it would be far better, in point of efficiency and of economy, that this power should be entrusted to municipal bodies of much smaller districts; and the formation of such bodies should, in my opinion, be an essential part of any durable and complete union'."

Following Durham's Report to Britain, a draft Act of Union to join Upper and Lower Canada was prepared by Lord Sydenham, the new Governor sent to Canada. That draft Act contained a provision for local government. Turning again to Crawford's work, a good point is made respecting the importance of local government.

> "'The establishment of Municipal Government by Act of Parliament,' he (Sydenham) wrote to the Colonial Secretary, 'is as much a part of the future scheme of Government for the Canadas as the Union of the two Legislatures, and the more important of the two.' He (Sydenham) believed that ... a principle should be laid down, that all purely local expenses be borne by the localities themselves, settled and voted by them, and that only great works be paid for out of the provincial funds."

Unfortunately, the British Parliament dropped the clauses relative to local government. And the rest, as they say, is history. Incorporation of a few cities, towns, and counties took place before Confederation, but, as we know, municipal government was given no formal recognition or legal status in the Constitution. Municipal government became the responsibility - the creation - of the provinces. Although legislative authority exists for a variety of municipal functions, municipal governments are subject to the whims of the provincial politicians.

During the years since Confederation, there have been significant changes affecting local government - an increase in responsibility delegated by the provinces to municipalities, shifting settlement patterns, an increase in social and environmental problems, a system of conditional grants which only patches the financial problems while skewing municipal priorities, an increase in local demand for services - but with little or no change in municipal structures and a disproportionate shift in expenditures and resources necessary to fund them.

ROLE AND PURPOSE

A number of studies have been carried out and papers and books written relative to local government over the past thirty years or so. Some of them discuss the purpose of local government, some do not. In preparing this paper, it was not possible to carry out an exhaustive

research of all work that has been done. However, reference has been made to many of these documents in the process of developing a current definition of the role and purpose of local government.

One of the first works that will be referred to is Crawford's Canadian Municipal Government, which was written over thirty years ago. Crawford saw two purposes for local government:

1. "to carry out the duties imposed upon local authorities by the provinces which created them" and

2. "to carry out the wishes of the inhabitants of the area under their jurisdiction."

Crawford suggests the existence of local government is "indispensable". He compares big government with local government by stating the larger "is essential to the life of the nation", but that "the function of the local government is essential to human life itself."

Somewhat more recently, the Smith Committee Report (Ontario Committee on Taxation), written in 1967, stated:

> "the prime value for whose fulfilment local government exists (are) access (and) service."

Smith went on to define "access" basically as the need to make public contact and participation possible by the citizens. The "service" value is referred to as meaning economical provision in accordance with the citizens' needs and desires.

Smith also suggests that the two values can "lead in opposite directions" in terms of the size of local government. In this regard Smith states:

> "Where public access is a prime consideration, local governments must be small. On the other hand...the provision of fully efficient services demands local government of a size sufficient to take full advantage of...economies of scale."

Another paper, written by David Siegal (Brook University) contained in a 1980 IPAC publication, which gave an overview of the organizational structure of local government in Canada, stated:

> "Local government can be seen as having two dimensions: service delivery and citizen access...frequently these service and access dimensions are in conflict with one another. The principle of economies of scale argues that certain functions should be organized on a relatively large scale, but this large scale organization can limit citizen access."

He goes on to state that "these two principles can be used to evaluate the organizational structure of local government." However, he suggests that when provincial governments have looked at the organization of municipal government, the service factor typically receives greater consideration.

Approaching the matter more philosophically, two other well known pundits in municipal matters have offered input to the role and purpose of local government. Mike Ircha (University of New Brunswick) and Thomas J. Plunkett (Queens University) both made presentations to the 1983 UNSM Conference.

Mike Ircha raised some questions relative to the role of local government:

> "...why does local government exist? Does it exist to provide services? Is it merely a convenient administrative unit for provincial governments to get services out to those areas...Or has local government evolved into something else over the centuries?--Into a political body!"

He maintains that, with the variety of conflicting needs, desires, and interests, combined with a demand for more and improved services in the face of declining resources, local governments have a serious decision-making role and that they have to "solve these problems politically." He states further that the:

> "...province has to recognize that that is part of your function; it is an important part of your function. That the local governments of this province are not merely service providers; they are providing a very essential function of dealing with issues and concerns and arbitrating amongst the needs of their local municipalities."

T. J. Plunkett suggested that the decision-making role of local government has become distorted relative to establishing local priorities because of an endless parade of provincially induced cost-shared programs. It seems that the business of local government is, to a great extent, dictated by the programs that provincial governments implement and delegate to, or cost share, with municipalities. Plunkett referred to a 1976 FCM paper entitled, "Puppets On A Shcestring" and stated:

> "...it concluded that grants from senior governments 'come with so many strings attached and represent such a large part of municipal budgets that municipalities are becoming puppets in a show run mainly by provincial governments'...(In reference to local governments) I have some doubts if they really are accountable and responsive governments."

Plunkett goes on to suggest that:

> "To achieve a valid role, municipalities...must recognize that they are governments with demanding public decision making responsibilities."

Together, Ircha's and Plunkett's comments lead one to conclude that the role of local government has become muddled, to a large extent by provincial policy, and that both provincial and municipal governments must recognize that local governments have an extremely important role to play in making decisions relative to local issues. Obviously, if this is not recognized and the emphasis at the local level is on provincial programs and policies, the local needs of the citizens will take a back seat.

Another book, Local Government in Canada (1983) by C.R. Tindal and S. Nobes Tindal, brings a slightly different perspective to the discussion of the role of local government. They state:

> "The importance of local government stems, in part, from its role in the provision of services. While few people seem to be aware of it, a very wide range of services, programs, facilities, and regulations which largely shape our day-to-day lives are provided by a local governments - albeit acting as a delivery agent for the Provincial or Federal Government in a number of instances...They also supposedly provide these services in accordance with the needs and preferences of their local inhabitants...the various services provided by local governments should be a reflection of the wishes of the local residents. In other words, local government is important because it is democratic in its operations."

In any discussion of government in Canada, democracy eventually comes into the picture. The Webster dictionary defines democracy as "government by the people; rule of the majority." It goes without saying that the majority of people accept the democratic form of government as being most appropriate for our country.

It was this democratic philosophy, or principle, that led the early settlers of this country to strive for some form of structure with decision-making autonomy over local issues - a demand for the right to have local self government.

Local government is part of the democratic hierarchy. Without this basic unit of the democratic apparatus, the Provincial and Federal governments would make decisions which would be much more arbitrary. The local issues and differences would not and could not be addressed by these larger bureaucracies because it would simply not be possible. Local government is the cornerstone of our democracy because it deals with the grass roots - the local community.

As we come full circle in this discussion of local government, a comment by the Tindals in their book, Local Government In Canada, is relevant. They also refer to Crawford's book, Canadian Municipal Government, where they concluded that he "saw local government as the level at which the democratic ideal was most likely to be fulfilled."

The Tindal's offer two roles of local government. The first role is:

> "to govern in accordance with the wishes of their local electorate."

They refer to Crawford in identifying the second major purpose:

> "to carry out the duties imposed upon local authorities by the Provinces which have created them, and to which they are ultimately responsible."

In relation to these two roles, the Tindals make a very interesting and thought provoking statement:

> "...a recent analysis of the present state of municipal government concludes that various factors have caused local governments to adhere to their role of agents of the Provincial Government, to the point where they are less and less able to fulfil their role as interpreters of the local scene."

and conclude with a comment made by T.J. Plunkett and Katherine Graham, ("Whither Municipal Government" in Canadian Public Administration, 1982):

> "What now exists may not be local government so much as a complex form of local administration."

Can we now identify the role of local government? We can state the role of local government in the context that it was originally intended by our ancestors - local decision to meet the needs and desires of the local communities. We can also state the role or purpose just recently discussed, that of carrying out the duties delegated by the provincial governments.

If we refer again to history, we find that it was the intention of our very early leaders that local government be identified as a legitimate level of government in legislation. But, as we know, that did not come to pass - not then, not in the British North America Act, and not in the more recent repatriation of the constitution. Instead, municipal governments evolved as creatures of the provinces to carry out duties and abide by provincial regulations. It has reached the stage where this seems to have become local government's dominant role.

Although, technically, one of the roles of local government is to carry out duties assigned by the provincial government, it is not a role that is readily accepted by local government. For our purpose, we will set aside this imposed role.

What, then, is the role and purpose of local or municipal government?

Local government is:

- a provider of services based on local needs and desires;

- a forum for local citizens to make decisions on the way they want to live;
- a forum for the resolution of conflicting views within local communities; and
- representative of the community to lobby on its behalf.

All of the above fall under an umbrella principle of **Democratic Local Self Government**.

PRINCIPLES

In considering any change that might be made to the structure of local government and its service and financial responsibility, it is essential that we establish general principles that must be adhered to in order to maintain the integrity of local government relative to its purpose and values.

As pointed out in the previous discussion, accessibility by the citizen and cost effective delivery of service are often two conflicting factors when structuring local government. However, both are equally important and thus an important principle develops.

> **Municipal government should be of a size which blends the need for accessibility and the need for cost-effective delivery of service.**

The original purpose of local government was for local communities and their residents to make collective decisions respecting their local needs. However, the provincial politicians had other thoughts.

In a 1989 paper, "Development of Municipal-Provincial Relations", A. William Cox, Q.C., points out that even in 1879 (when the County Incorporation Act was passed) the provincial government saw municipal government as a revenue source:

> "That Act was conceived in secrecy at the provincial level and it was the direct offspring of the financial difficulties of the provincial government. The then Attorney General, J.S.D. Thompson, who later became Prime Minister of Canada, frankly stated that the main object of the Act was to 'compel Counties to tax themselves directly to keep up their roads and bridges'."

Although local issues and local needs were originally the primary focus of municipal government, over the years the federal and provincial governments, albeit because of their own financial pressures, have downloaded more and more to municipal government.

Programs, such as education and social services, regulated by the province, but financed in part by municipal government, with the municipal share increasing at a higher rate because of unilateral funding decisions, are examples.

Grant systems have been put in place by the province only to be cut back shortly after implementation. Examples are grants-in-lieu of taxes, as well as the municipal operating and capital grants.

There are so many cost-shared programs in place now that they control a significant portion of the municipal budgets; education, social services, corrections, planning, building inspection, housing, transit, recreation, library... Unfortunately, this shifting burden demands resources that municipal governments simply don't have, resulting in financing by way of increased property taxes or at the expense of other local services. Essentially, municipal government has become a delivery agent for federal and provincial governments - "puppets on a shoestring".

With all of the downloading, the shared programs and the funding cutbacks, it is difficult for municipal and even provincial politicians to understand what municipal governments are responsible for. Further confusion is created when you add large Boards and Commissions to the maze of government organizations - boards, such as School Boards, which command a large portion of the municipal budget. How can municipal governments and municipal politicians be held accountable? Imagine how the citizens of our local communities must feel!

The structure and responsibility of municipal government should be able to be understood by the average citizen.

Municipal governments should be structured in such a way that they are accountable to the citizens they represent.

The province has direct access to property taxes in at least two instances. By setting the education tax rate, the province takes a large chunk of the municipal revenue source, with local government having absolutely no say in how much or how it is to be expended. Secondly, when the Province tapped into the deed transfer tax, it stepped into a revenue source that had previously been reserved for local government.

Municipal government should have a clearly defined area of responsibility with shared programs kept to an absolute minimum.

Universal services - services that should be available to and benefit all of society -should be provided for on a provincial or federal basis. Local services - services that are and can be influenced by the needs, desires and ability to pay of the local communities - should be provided by municipal governments.

Universal programs should not be subject or vulnerable to a municipal government's ability to pay.

Municipal governments should be structured in such a way to be financially viable to provide the local services required of them.

Closely related to the financial control that the province has over municipal government is regulatory control. Municipal government is inundated with legislation which virtually controls its existence and everything it does. According to an M.M.T.D.B. publication, The Election's Over! Now What? A Guide to Briefing Councillors, the 1989 Statutes of Nova Scotia contained 122 Acts "that make specific or general provisions for municipalities as a whole." Think about it - 122 Statutes that have some control over what municipal government does.

Aside from legislative control is the handholding that goes on by virtue of the fact that municipal government can only spend money on what the province says it can spend money on, can only borrow money if the approval is given, can only take money out of reserve as approved and can only change its own rules with provincial approvals. How does one rationalize the requirement for provincial approval of an Animal Bylaw to set a five dollar dog license fee?

Local governments can be viewed as a child dependent on a parent for many basic needs and frustrated by the permission required and restrictions faced while trying to gain their independence. The difference between municipal government and a child is that senior levels of government have not awarded freedom to the local governments as they have matured and grown, as a parent does to a child.

Essentially, the Province has required municipal units to administer provincial programs with provincially dictated regulations and specific direction as to the municipal financial input. The Province has traditionally used local government as a deliverer of services deemed a priority by the provincial government.

How can local govenrments make rational decisions to meet the needs of their citizens when the hundreds of controls placed on them by the provincial government essentially dictate what can be done and how?

This brings into perspective the Plunkett and Graham statement that "what now exists may not be local government so much as a complex form of local administration".

This lack of autonomy is a reflection on the fact that municipal government has no guaranteed right to exist under the Constitution. The fact that they do exist, the shape that they take and the functions they perform are based solely on the authrorization of the provincial government. Until municipal government is released from the financial and regulatory stranglehold imposed by the provincial government, there can be no hope for autonomous local self government.

Municipal government should be assured of a level of autonomy in the government hierarchy.

While there is an obvious problem with the division of responsibilities between the provincial and municipal governments, there are also well-recognized inequities between local governments.

Settlement patterns have changed substantially over the past century. Political boundaries do not reflect today's growth patterns and servicing requirements. Many parts of rural municipal units have become urbanized, with no corresponding structural or service responsibility changes. The system of government in Nova Scotia discourages formation of urban governments due to provincial financial support for rural governments (police and transportation).

The urban sprawl caused by the changing settlement patterns has resulted in the creation of urban areas within rural municipal units most of which are directly adjacent to existing urban governments. The result is two types of urban communities. One is the **urban** community with an urban government responsibile for all services, including police and transporation. The other we will call **urban-type** communities which require essentially the same services as the formal urban community, but which are subsidized in the same manner as rural municipalities.

> **Municipal government should be structured or delineated in such a way as to reflect the community of interest - a sense of common purpose.**

Many urban-type communities have chosen Village status rather than Town status because of tax costs. They want a say, they want the same services that an adjacent Town may have, but they don't want to pay. One can hardly blame them under the present system with the present provincial funding.

The inequities inherent in the system create a climate of competition for new developments. Low tax rates and the availability of lands in rural areas have tended to attract major developments to these parts of the province. Because of no revenue sharing, the rural municipalities receive the revenue which helps perpetuate the problem - the inequity and the competitiveness.

There is a lack of cooperation between municipalities. In fact, we could go further and say that parochialism prevails. While provincial legislation is the underlying reason for the inequities and the lack of incentive for cooperation, municipal government must shoulder most of the blame for not having taken the initiative to change this situation. However, this is understandable given the vested interest each municipal govnerment has in its own tax base.

> **All municipal governments should be required to fund the same services or, conversely, provincial subsidization of a service should be available to all municipal governments on the same basis.**

Having said this, it must also be recognized that there are significant rural areas where there is no need, nor is there a desire on behalf of the citizens, for many of the services that would be required in an urban area. Local government structures should recognize this difference. In

addition, Nova Scotia is comprised of many different cultures which may require some recognition in the structure and delineation of municipal government.

> **The municipal government structure and delineation should recognize the need for urban and rural lifestyles, as well as the cultural differences which exist in this province.**

As stated previously, for the past one hundred years, or so, there has been little change to the municipal government structure in Nova Scotia. This is due, in part, to the fact that little or no initiative was taken on the part of either the municipal or provincial governments to resolve the problems which developed. The lack of municipal initiative can be related to the lack of cooperation on the part of municipal governments because of their individual vested interests. As for the Province, for whatever reason, there has been a reluctance to force the issue. In any event, with whatever changes that might happen and regardless of the system in place, periodic reviews should be instituted.

> **There should be a mechanism developed to ensure that municipal government structures reflect the changes that take place over time.**

SUMMARY

A summary of the role of municipal government, as well as the general principles essential to local government, follows:

Role and Purpose

Local government is:

- a provider of services based on local needs and desires;
- a forum for local citizens to make decisions on the way they want to live;
- a forum for the resolution of conflicting views within local communities;
- a representative of the community to lobby on its behalf.

Principles

1. The structure and responsibility of municipal government should be able to be understood by the average citizen.

2. Municipal government should be structured or delineated in such a way as to reflect the community of interest - a sense of common purpose.

3. Municipal government should be of a size which blends the need for citizen accessibility and the need for cost-effective delivery of service.

4. Municipal governments should be structured in such a way that they are accountable to the citizens they represent.

5. The municipal government structure and delineation should recognize the need for urban and rural lifestyles, as well as the cultural differences which exist in this province.

6. Municipal government should have a clearly defined area of responsibility, with shared programs kept to an absolute minimum.

7. Universal services - services that should be available to and benefit all of society - should be provided for on a provincial or federal basis. Local services - services that are and can be influenced by the needs, desires and ability to pay of the local communities - should be provided by municipal government.

8. Universal programs should not be subject or vulnerable to a municipal government's ability to pay.

9. Municipal governments should be structured in such a way to be financially viable to provide the local services required of them.

10. All municipal governments should be required to fund the same services or, conversely, provincial subsidization of a service should be available to all municipal governments on the same basis.

11. Municipal government should be assured of a level of autonomy in the government hierarchy.

12. There should be a mechanism developed to ensure that municipal government structures reflect the changes that take place over time.

CONCLUSION

Is change necessary on the municipal scene? This question is obviously redundant. The structure of municipal government has changed very little over the past one hundred years, while responsibilities assigned to the local level and the financial responsibilities of both the municipal and provincial governments have changed drastically.

Shifting settlement patterns, municipal administration of provincially controlled programs, cost-sharing formulas, inequities between municipal governments, lack of municipal resources...have resulted in an inadequate local government structure and an inadequate division of service and financial responsibility.

This paper has been prepared as a basis for discussion and consideration in the process of examining the changes necessary to municipal government.

January 1992

3. Service Delivery and Finance Issues

The 1978 Department of Municipal Affairs White Paper entitled "New Directions in Municipal Government in Nova Scotia" outlined the course for future changes in municipal government and provincial-municipal relations. Most of what was outlined in the White Paper had been discussed in some detail among senior department officials and advisors to the Union of Nova Scotia Municipalities. The paper provided the bases for a consultative process between the department and municipal government which is still ongoing.

Proposals put forward in the White Paper addressed such matters as:

- A proposed general grant for municipalities;
- Provincial grants in lieu of taxes;
- Road user charge;
- Special assistance;
- User related charges;
- Municipal capital/borrowing/Municipal Finance Corporation
- Municipal boundaries;
- Planning;
- Municipal legislation, including election procedures and conflict of interest;
- The allocation of responsibilities for the delivery and finance of services.

The provincial government, since 1978, has undertaken to implement many of the proposals set out in the paper. The Municipal Grants Act; the Municipal Finance Corporation, the Municipal Elections and Conflict of Interest Acts; the Nova Scotia Municipal Board; increased provincial grants-in-lieu of taxes and the new Planning Act were all initiatives resulting from the White Paper process.

One proposal in the paper addressed the allocation of responsibilities for the delivery and finance of services. This issue has been discussed on many separate occasions but little substantive change has resulted except in corrections. The main question is whether the present division of responsibility between the province and the municipalities for the delivery and finance of services is appropriate.

In the years since the release of "New Directions", there have been a number of events in municipal affairs which would suggest that the time to examine the allocation of responsibility for services is approaching:

- Towns and cities faced with declining populations and escalating costs are moving to expand their tax bases by annexing large areas from adjoining rural municipalities. This has created animosity among municipal units and led to the suggestion that annexation procedures should be examined and modified.

- With residential development in rural municipalities outpacing that of the towns, rural governments are under increased pressure to provide a range of services for which they are not administratively equipped. Dissatisfied with the level of service provided, urban areas in rural municipalities are looking for alternatives to the present arrangements.

- Initially established to provide one or more local services to a small area in rural municipalities, some villages have grown larger than the majority of towns in the Province leading to the suggestion that larger villages be given some form of "special status" without assuming the full responsibilities of incorporated municipal government.

- Some small towns are beginning to consider dissolution as the only solution to the financial difficulties they face. A number of towns reverting back to village or non-status would further aggravate problems currently experienced by the rural municipalities.

- Pressure on local government to provide a wider range of services has led to the increasingly popular practice of placing certain service responsibilities under the control of independent and semi-independent municipal and inter-municipal authorities. Disagreement over representation on inter-municipal agencies and general concern regarding a lack of control over local commission is leading municipal councils to question what alternatives are available which will restore council control over such matters.

- The tendency for large-scale industrial complexes to locate in rural municipalities has led to suggestions that the department examine tax base sharing and industrial revenue sharing as possible mechanisms through which the fiscal benefits of commercial-industrial growth may be shared by all the residents of the designated area regardless of where the actual development occurs.

It was these "Six Symptoms" which were collectively symptomatic of the problems that the current arrangement for service delivery and finance were causing municipal government.

The "Six Symptoms" led to the Digby Conference (a conference of provincial and municipal elected officials) in 1985 which specifically addressed the allocation of responsibility between the province and municipal government for the finance and delivery of services to people and property in Nova Scotia. At the Conference, the participants prepared a hypothetical list of the services that should be delivered and financed by the Province or municipal units or both.

This Conference also led to the establishment of the Provincial-Municipal Fact Finding Committee which was to look at the whole matter and report back to the Province and municipal units on how the current system could be improved.

The Fact Finding Committee has addressed the issue of allocation of services in an attempt to develop an overall framework to guide future decisions for change in individual service areas.

The approach taken in addressing the issue to date has been incremental - that is, each individual decision is evaluated in light of the agreed global reallocation. One reason for this approach was the realization that all the changes could not take place at once because of the dollar figures associated with the changes. As a consequence, progress has been slow.

Previous attempts at the hypothetical realignment of service delivery and finance have looked at whether:

1) there was a need to make sure the service was uniformly available province-wide at some predetermined minimum standard.

   If the answer was yes, it was a provincial service.
   If no, it was municipal.

2) the government responsible for delivering the service should be assured access to the financial resources required to fulfil its responsibilities.

The Joint UNSM-AMA Resource Committee also addressed the finance and delivery of services. A Conference held at Blomidon in 1989 clearly identified the allocation of responsibilities for finance and delivery as agreed to by the group gathered. The Union of Nova Scotia Municipalities identified the distinction between people and property services and the respective responsibilities of each level of Government in their "Priorities and Objectives Statement" adopted unanimously in 1989.

At Blomidon, there was also agreement that any solutions to current financing and allocation of responsibilities between municipalities and the province cannot be implemented without also addressing the need for restructuring.

If the reallocation of service delivery and finance is to take place all at once then not only does consideration have to be given to who is delivering and financing the services but also to the impact a change would have on existing programs.

Some of the factors which continually arise when considering change in the area of service delivery and finance include:

1) The Province pays for the costs of streets and roads and policing in the rural municipalities. This has led in many ways to the inequities which exist between the towns and cities on the one hand and rural municipalities on the other.

2) There are different provincial-municipal cost sharing ratios in the municipal units for different provincial government programs, i.e., community services and transportation.

3) The reallocation is more challenging then ever before because the financial circumstances of both levels of government have worsened. There is as well, a more general recognition that there is only one taxpayer. Higher levels of taxes are not the answer. Streamlining and improving the efficiency of government programs, services and operations and user pay are the only options.

4) There is a greater expectation of government as a provider of services. There are increasing demands for programs and services with decreasing fiscal resources.

5) There are issues beyond financial considerations which come into play in any reallocation of service delivery and finance and may include delivery mechanisms and boundary changes.

6) If some services are delivered and clearly identified as provincial, the municipal units may lose the opportunity for local input into the particular service areas.

7) Changes have to be made in such a way that the financial impact is not too difficult for the Province or municipal units to handle.

8) Both the Province and municipal units have seen a shifting of the financial burden from the federal government and this has impacted negatively on them. Examples of the shifting of the financial burden include:

   - the decline in federal transfers as a percent of the Province's total revenues - from 50% to 40%
   - the increase in provincial debt servicing costs from 10.9% of total expenditures to 18% - which means fewer fiscal resources available to provide programs and services
   - the freezing of provincial grants-in-lieu of taxes

- the changes in planning and industrial park grants
- the provincial entry into deed transfer tax
- the increase in municipal contribution to education
- the changes in cost sharing rules (e.g. capping of social assistance).

9) Federal, Provincial and municipal governments are involved in a wide range of programs and services that often overlap and duplicate each other.

10) For corrections and education, there is currently in effect an indirect provincial property tax. The province is setting the standards and delivering the programs but the municipal units are paying part of the cost of the services without any effective control over them.

11) The Provincial Government has implemented programs and standards which impact financially on municipal government. Although the deliverer of the service in some service areas, municipal units have no control over the standards and policies. Also municipal units are required to contribute financially to programs without any input. Examples include:

- the new priorities for environmental concerns, i.e., water and sewer
- accessibility guidelines which are being enforced under the Building Code
- the prospect of future standards to be imposed with financial impact, i.e., police standards

In the end, there needs to be a clear definition and understanding of the responsibilities of the two levels of government for service standards, delivery and finance.

February 1992

4. Structural and Boundary Issues

Existing local government boundaries in Nova Scotia were created when horses and buggies were the mode of transportation. They no longer fit the pattern of life and work in contemporary Nova Scotia. New boundaries are required to reflect the new social and economic realities and the shifts and changes in settlement patterns that have since taken place.

The province created municipalities and it has a basic responsibility to restructure and strengthen local government where necessary.

In general, municipal boundaries in Nova Scotia are outmoded. This observation is based on the following considerations:

1. There is a public perception that Nova Scotia is overgoverned. At the local level, the structure of government is fragmented between municipal councils, villages, district school boards, commissions, local boards, and a multitude of other special purpose bodies. This can be a bewildering structure to the average citizen and may explain the perception of overgovernment. However, the province has probably fewer municipalities per capita than several other provinces, although this comparison can be challenged because of inconsistencies in provincial definitions of what constitutes a municipality.

2. Most municipal boundaries in Nova Scotia have been in existence for over 100 years without any change, in spite of the fact that the population has almost doubled from 441,000 in 1881 to 873,000 in the 1986 census count. Moreover, the increase in population has been accompanied by dramatic changes in settlement patterns and shifts in population distribution between urban and rural municipalities.

3. Generally, the basic structure of urban and rural local government established over a century ago remains much the same today. However, the role of rural municipalities has expanded, to some extent, in ways that were not anticipated. Rural municipalities were originally designed to provide a limited range of services to rural residents only. But, they are now involved in providing or funding a full range of services including education, corrections, transit, housing, social services, recreation, libraries, building inspection, water works, and waste collection and disposal with little formal realignment of their roles and responsibilities.

4. Nova Scotia's population estimated close to 900,000 is contained in 66 incorporated municipal units. Of this, around 400,000 live in urban units (39 towns and 3 cities) and the remaining 500,000 in 24 rural municipalities. A significant portion of rural municipal population is in fairly dense settlements many of which are ribbon developments along transportation corridors on the fringe or outskirts of cities and towns.

Urban fringe development is largely a result of overspilling or sprawl of urban population into the neighbouring rural municipality. The underlying reasons for fringe development are many and varied. Some of these relate to municipal boundary issues including lack of land inside towns and cities, real or perceived lower cost of land and improvements, lower property taxes, and escape from comprehensive land use controls.

5. Urban fringe development is an important factor in boundary discontent. As population becomes more densely settled in urban areas of a rural municipality, the tax burden will tend to go up, but not to the same extent as in towns and cities. This is explained in part by provincial policies and programs, in particular the fact that the Province pays for rural policing and for the roads and streets in rural municipalities, but not in cities and towns. Also, in the past, provincial programs tended to encourage fringe development through land assemblies, and substantial commitments to streets and curbs, and sewer lines and water mains. The combined effect has been to reduce the tax burden in fringe development quite significantly, notwithstanding the fact that many of these fringe communities have population and assessment bases comparable with adjacent urban units.

   Generally, the province has not had consistent land use policy designed to deter fringe settlements by making it expensive and unattractive to develop. Instead, some of its initiatives have unwittingly provided incentives for development of the fringe without a proper framework for managing the growth of urban units and the fringe areas.

6. Although the population on the fringe is under a rural municipality, it has social and economic ties with towns and cities in respect to services, institutions, employment, cultural activities, entertainment, and other interactions. Quite often, the service boundary of the urban municipality will extend beyond its political boundary in order to provide sewer and water to the fringe community. Also, while fringe residents pay no taxes to the urban unit, they take advantage or have available to them town or city services such as, library and recreational facilities, transportation services and other infrastructure.

7. A related issue concerns the fact that some major industrial or commercial activity may be located on the fringe of towns and cities. The rural municipality with minimal demand to provide urban services has sole access to the taxes that may be levied. The urban units with a much higher demand for services have no access even if fringe residents take advantage of some of their services and the ability to pay of their residential and commercial sectors is much lower.

   The combination of overlapping services and fragmented tax bases has been a source of conflict between the rural and urban municipalities. Some urban units have been reluctant to extend sewer and water services to fringe developments. On the other hand, towns and cities are generally dependent on their adjacent rural municipality in relation to water supply sources, watersheds, landfills and other sites for waste disposal. In all such cases,

it is evident that urban boundaries adopted under very different conditions are no longer a practical reality for defining existing service requirements, related tax bases, and other ties between urban units and communities on their fringe.

8. In some cases, there is now little on the surface to distinguish between the urban unit and the abutting fringe settlement. In the past, however, there was less application of land use controls in rural units and consequently some of the urban units and fringe settlements have had or still have development conflicts (e.g. large commercial development locating just outside urban boundaries). Urban boundaries have not been revised nor have comprehensive planning and area-wide controls been put in place to reflect changing land use patterns of residential communities, industrial parks, and shopping centres and other commercial activity on the urban fringe.

9. Politically, the needs and aspirations of the urbanized centres in a rural municipality may be quite different from those of the rural areas. Quite often, there is no agreement between rural and urbanized communities on appropriate provision and payment of services that are general to the municipality or specific to the urbanized community. This has often lead to requests by the urban residents for a new civic status through incorporation or amalgamation, or for a greater say in the decisions and matters affecting them.

   As concerns amalgamation or incorporation, based on the experience of financial impact studies for Sackville and Eastern Passage undertaken in recent years by the Department of Municipal Affairs, there is a strong disincentive against changing the civic status once it becomes apparent to the residents that taxes would go up substantially.

   Lately, in relation to issues affecting urbanized areas, the Municipality of the County of Halifax has passed "community committee" bylaws for Sackville and Cole Harbour/Westphal to permit the residents a measure of input in matters of concern to the communities through their area councillors. Committee meetings are at local community centres and open for citizen input. At present, the committees are technically operating in an advisory capacity to council in such matters as planning and community services.

10. The existing quasi-judicial procedure for boundary changes is often cited as too adversarial, with some of the parties more concerned over the tax base than in advancing the interests of the communities affected. Also, the procedure tends to be costly and time-consuming.

    A serious flaw under the current system is that there is no provision for automatic review for amalgamation or incorporation once communities reach specified population thresholds. The system should permit a proactive approach to resolution of boundary

issues. Instead, even if there is a good case, it has been left up to residents and municipal units with conflicting and often parochial interests to apply for boundary changes.

11. The multiplicity and fragmented nature of local government has been a recipe for rivalry between municipalities. This, coupled with a lack of coordinated provincial policy, has often led to unnecessary tax concessions, uneconomic public investment in industrial parks, and a disincentive to cooperate in joint initiatives.

12. Throughout the province, there are joint bodies operating under various public and special purpose acts to provide a range of services on an area-wide basis as a partial solution to municipal fragmentation. These include district school boards, regional libraries, district planning commissions, joint expenditure boards, regional transit authorities and other joint arrangements for waste collection and disposal including landfill operations. However, quite often, each body will pursue its spending priorities without a careful assessment of the overall financial position of municipalities affected. Moreover, faced with an array of joint bodies, lines for accountability become non-existent and the citizen is deprived of a proper basis for assessing the performance of elected officials.

    Lack of accountability is of particular concern with a significant number of special purpose bodies created by special legislation. These bodies may requisition municipal funding without council approval and the majority of their members are often not elected municipal officials. Municipal councils have little or no control over the operations and budgets of these bodies. This leaves them in a vulnerable position because they must raise the required funds and be held accountable by the ratepayers for decisions made by other bodies.

13. There are urban units with abutting settlements which are separated by political boundaries. This means that matters of economic development, investment in infrastructure, and provision of general services that should be the responsibility of one urban unit are in the hands of two or more units. Such boundaries are no longer logical because they fail to reflect new settlement patterns and have become an impediment in resolving problems of area-wide concern.

14. Population size and density, the tax base and the state of the economy of a municipality are considered as major factors in assessing the viability of the municipality and its capacity to deliver municipal services. Based on these factors, some of the municipal units may not be viable enough to continue without boundary or structural adjustments.

5. Local Government Restructuring

Synopsis of Boundary Decisions and Major Studies

Legislation

The legislation is the Municipal Boundaries and Representation Act administered by the Municipal Board. Its basis is the 1962 Outhit Commission Report. In 1964 responsibility for the Act was given to the Board of Commissioners of Public Utilities (PUB). In 1981 the Act was reassigned to the Nova Scotia Municipal Board.

The legislation enables municipal units and ratepayers to initiate boundary changes by application to the Municipal Board. The general mandate of the Board includes:

municipal boundaries
incorporation of towns
wards and electoral boundaries
annexations and amalgamation
dissolution of towns

It does not have authority for major structural changes.

Some PUB and Municipal Board Decisions:

1. Dartmouth annexation of adjacent lands from the county (1961).

2. Halifax City vs. Halifax County re 1969 annexations of Rockingham and Spryfield, and 1982 annexation of watershed lands.

3. Halifax County vs. Bedford re 1980 incorporation (application 1970, put aside for Graham. New application 1978).

4. Town of Shelburne vs. District of Shelburne (1983)- town application to annex 6,700 acres (re: watershed, industrial expansion, subdivision) dismissed.

5. Port Hawkesbury vs. Richmond (1986)- town application to annex 100 acres from county dismissed.

6. New Waterford vs. Cape Breton County (1987) - annexation of 1,300 acres to Town.

7. Ratepayers of Mattie and Grosvenor area (1987, Guysborough and Antigonish)- application and annexation of two communities of 120 people in Guysborough to Antigonish county on grounds of common interest with neighbouring communities in Antigonish.

8. Liverpool vs. Queens (1988)- town annexation of 40 acres from county: 30-acre subdivision and 10-acre school.

Except for Bedford, no major restructuring has occurred as a result PUB or Municipal Board decisions. Large scale restructuring or reorganization of municipal government requires provincial direction and may require special legislation.

Major Studies Concerning Municipal Structure and Boundaries

Provincial interest in restructuring goes back many years. Several studies have been commissioned and these include:

1. Rowat Report (1949):

The purpose was to examine provincial-municipal relations in the context of 20th century changes and explore a government proposal to reallocate duties and responsibilities between the two levels of government.

The report concluded that municipalities were too small to provide an efficient administration and too poor to provide an adequate level of service.

It recommended a two-tier system of local government, with nine regions forming the second tier. Each region was to have a minimum population of 40,000.

The recommendation was not implemented because the provincial government saw a second tier as more government and impractical.

2. Finnis Report (1968):

The purpose was to determine the form of local government best suited to the future development of Industrial Cape Breton.

It found that boundaries were too old and not reflective of the times. It found the structure too fragmented for effective planning and development, and concluded that the area as a unit was overgoverned.

The report recommended one local government for Cape Breton municipal units.

It was not implemented apparently because the new structure would have required additional provincial funding.

3. Sanford Study (1967-69) and amalgamation of Pictou units

Officially known as the Pictou County Municipal Coordination Study. It was financed by the Department with additional assistance from the Pictou units and the Canadian Council on Urban and Regional Research.

The issues it raised included:

- Overgovernment - population at that time was less than 45,000 and this was served by 6 councils, 80 committees, and various boards and commissions.
- Limited size of operation of each council prevented introduction of new administrative techniques.
- Given the cumbersome structure, elected representatives were bogged down in administrative detail and many of the town clerks were overworked and stressed out.
- The unwieldy and fragmented nature of local government undermined accountability.
- Development of needed intermunicipal projects was often made difficult by rivalries between the units. The rivalries discouraged and frustrated volunteers and new candidates for elected office.

The report concluded that effective local government in Pictou, as elsewhere, required an adequate area for planning and development, and sufficiently large population and tax base to permit efficiencies and economies of scale.

It recommended that there be one amalgamated government for the whole of the geographic area of urban and rural Pictou county.

4. Graham Commission Report (1974):

The Commission had broad terms of reference that included examination of municipal structure and the division of responsibilities between the province and municipalities.

Its major recommendation was a drastic reduction in municipal units to 11 county governments with a sufficient population base and a fiscal capacity to provide municipal (not general) services. The province was to provide general services.

February 1992

6. Options in Delivery of Services

Options with respect to delivery of service can be considered in a number of service areas including:

1. Police
2. Roads and Streets
3. Water Supply
4. Sewage Disposal and Treatment
5. Homes for Special Care
6. Home Care
7. General Assistance
8. Industrial Development and Promotion
9. Public Health

To demonstrate the type of delivery options which may be developed, a few service areas will be covered in more detail. For most services the delivery options are:

1. At the local level by the municipal unit
2. At the regional level
3. At the provincial level.

Any one of these delivery options could involve contracting with another municipal unit, the province or a private contractor. Regional delivery can be by a joint multi-purpose body, a single purpose body, a regional single tier municipal unit or the upper tier of a regional government.

1. Police

The application of these principles to local police protection could be as follows:

A. Present system (Local) - Local delivery of policing in towns and cities; RCMP on provincial contract outside towns and cities; administration is at local level but standards are by Provincial Police Commission; Highway patrol by RCMP provincial contract.

B. Regional delivery - Policing of the area by regional police administered by a regional body; rural areas covered by provincial police or RCMP provincial contract or regional police; Highway patrol part of provincial police function.

C. Provincial delivery - Policing is a universal service enforcing provincial laws; policing of all urban and rural areas by provincial police force; no local input; administrative control, standards and regulation with the province; municipal by-law enforcement by local municipal unit

There are pros and cons to each option and factors of effectiveness, efficiency and economy must be considered.

2. Roads and Streets

Another service with delivery options is roads and streets and their associated sidewalks, curbs and drainage. The road network also contains collector roads and arterial highways. The options are as follows:

A. Present system - Local delivery of construction and maintenance of local roads and streets in the towns and cities; provincial delivery in the rural municipalities; Provincial delivery for collector and arterial roads.

B. Total local system - Delivery of construction and maintenance of all local roads and streets in the rural municipalities, towns and cities by the municipal unit; provincial delivery for collector and arterial roads.

C. Regional system - Delivery at the regional level by a regional unit or joint service organization; provincial delivery for collector and arterial roads.

D. Provincial system - Provincial delivery of all road services.

The various options have some impact on efficiency and local input for the service.

3. Water Supply

The supply of water to a local distribution system can be delivered by the various methods mentioned:

A. Present system - Supply of water is done by the local unit; provincial laws may be used to protect the watershed; provincial rules set environmental and health standards.

B. Regional system - Supply of water is by a regional source or sources which sells to local distribution system or has a regional distribution system; regional

procedures to protect watershed; provincial rules set environmental and health standards.

C. Provincial system - Water supply by province on area basis; delivered to local distribution systems; provincial environmental and health standards.

With a limited number of regional water supply systems the benefits of the options to the present system would be related to improved water supply, larger systems, water treatment and other similar factors. All options could involve the possibility of privatization.

4. Sewage Disposal and Treatment

As larger disposal and treatment systems are developed, options to the present local delivery may be considered:

A. Present system - Local delivery; a few regional joint efforts of some units; provincial environmental and health standards.

B. Regional system - Regional treatment and disposal to cover an urbanized area; collection at local level; provincial environmental and health standards.

C. Provincial system - Provincial delivery and standards; collection at local level.

As environmental standards become stricter, the pressure for more complete treatment of sewage often results in a regional or provincial initiative for this service. All options could involve the possibility of privatization.

5. Homes For Special Care

In this service, the systems tend to be more complex with delivery by municipal homes, not-for-profit societies and private operators. The options are:

A. Present system - Service is provided by mixed municipal, not-for-profit and private ownership; Local unit has responsibility for the placement of their residents with "settlement"; province sets standards.

B. Provincial system - All homes operate as provincial system; Province responsible for placement. Municipal, not-for-profit, and private ownership could still be present.

All of the options can be applied with varying involvement by the three parties.

6. Home Care

Options here include:

A. Present system: Delivery is by a municipal social services department, a regional authority or a not-for-profit agency. The municipal unit participates in setting up the service with an agency based on provincial guidelines.

B. Provincial system: Delivery could be related to the Homes for Special Care system or through outside agencies.

7. General Assistance (Social Welfare)

Options here include:

A. Present system - Delivery is by the municipal unit directly, by contract with an agency, by contract with a regional body or another unit, or a contract with the province; Levels of assistance are set at the local or regional level; Family Benefits Program delivered by the province.

B. Regional system - Delivery by a regional body with various contracting options; Family Benefits Program delivered by the province.

C. Provincial system - Delivery by the province at provincial rates; Regional administration.

The impact of these options is on local input and possibly the total level of cost.

8. Industrial Development and Promotion

The options are:

A. Present system - Local delivery at the municipal level by industrial commissions and similar agencies; provincial delivery at the provincial level and some involvement with local industrial development and promotion including special programs.

B. Local only - Local delivery by municipal unit.

C. Regional - Delivery by organization representing local government in the region.

D. Provincial - Delivery only at the provincial level.

The need for local initiatives in industrial development tends to support local or regional involvement in delivery of this service.

9. Public Health

Municipal responsibilities for public health are limited to the establishment of boards of health, which have some regulatory powers and also enforce provincial standards such as the on-site sewage disposal regulations. Options include:

A. Present situation - municipal boards of health.

B. Provincial system - Province enforces its own regulations; no boards of health.

February 1992

7. Options in Finance of Services

The areas of service which are subject to financing by both local and provincial governments include:

1. Police
2. Justice
3. Corrections
4. Roads and Streets
5. Public Transit
6. Water Supply
7. Sewage Disposal and Treatment
8. Homes for Special Care
9. Home Care
10. General Assistance
11. Child Welfare
12. Industrial Development and Promotion
13. Education
14. Libraries
15. Housing
16. Planning
17. Recreation
18. Grants

The options here tend to range from purely local financing, shared cost between the province and the municipal unit for either capital, operating or both, provincial financing of service in some areas and not in others, and total provincial financing. The objectives tend to encourage a clear split in financing with one party or the other responsible. This has arisen due to cost pressures which have resulted in "cut backs," "freezes" and "capping" of jointly financed efforts.

A review of the options for financing various services tends to reflect the complexity of the whole subject.

1. Police

The options include:

A. Present system - Local financial responsibility in towns and cities; provincial financial responsibility in rural municipalities.

B. Total municipal - Rural municipalities, towns and cities finance the total operation; no shared cost for operating and capital.

C. Regional - Financial responsibility by a regional body; no provincial shared cost.

D. Provincial - Province finances provincially delivered systems.

In all options, Highway Patrol is a provincially financed service.

2. Justice

The present system tends to involve finance and administration by both local units and the provinces. Options to this include:

A. Total local.

B. Total provincial.

While this is not a major cost area, it does create the need for joint expenditure boards. A simpler system could be devised.

3. Corrections

The options here include:

A. Present system - Municipal units make a contribution to the provincial cost of corrections.

B. Province - Province assumes the total cost of corrections.

This service is a financial link between municipal and provincial government left over from the takeover of delivery of corrections by the province.

4. Roads and Streets

The financing of this service could be done as follows:

A. Present system - Towns and cities finance all capital and operating cost in their boundaries; Province finances all operating cost and shares capital cost with the

unit in rural municipalities. Province provides some cost sharing for designated roads and streets.

B. Total municipal - All capital and operating cost financed by municipal government. No sharing by Province.

A new revenue source to provide some financing for municipal units could be the levy of a road user tax, licence fees, gas tax, etc. A shift in financing could be in combination with some mutual contracting or private contractors. Province retains financial responsibility for arterial and collector roads.

5. Public Transit

Options on finance include:

A. Present system - Regional systems have cost sharing for operating and capital with the Province.

B. Total municipal - Regional systems provide all financing of capital and operating.

The cost sharing on capital was introduced with the start of the regional transit systems.

6. Water Supply

Financing arrangements for water supply have changed over time. Options include:

A. Present system - Municipal units finance all operating costs by user fees; Province provides cost sharing on capital.

B. Total municipal.

C. Municipal on regional basis.

D. Provincial.

The options considered here may relate to the need for large regional, high cost projects.

7. Sewage Disposal and Treatment

Finance options include:

A. Present system - Municipal financing of operating costs in tax structure or user fees; Cost sharing of capital cost by province.

B. Municipal regional system - Financing on a regional basis of operating and capital costs in the tax structure or user fees.

C. Provincial system - Province finances the operating and capital cost of facilities with user fee cost recovery.

These options can include use of private contractors. The magnitude of new large scale projects tends to necessitate cost shared financing.

8. Homes For Special Care

Financing in this area is complex as the funding is related to the number of beds available, the demonstrated need of the patients, and the capital financing. Options include:

A. Present system - Province cost shares in costs paid to the homes by municipal units subject to the case load.

B. Provincial system - Province pays costs to the homes based on patients needs; no municipal financing; an "insured" plan could be used.

The escalating cost in this area tends to put significant pressure on both parties to the financial arrangements. Financing may have to consider lower cost alternatives.

9. Home Care

Home Care is a program designed to postpone the necessity for people to move into Homes for Special Care. Options on finance include:

A. Present system - Province cost shares subject to cap (same as general assistance).

B. Provincial system - Province pays full cost.

C. Full sharing - Province cost shares without the cap.

Home Care as an alternative to Homes for Special Care should probably be delivered and funded on the same basis.

10. General Assistance

This shared cost program has been under a lot of pressure due to economic conditions. Options on finance include:

A. Present system - Province cost shares at full rate in costs paid by municipal units, up to a "cap"; lower cost sharing above "cap".

B. Provincial system - Province pays all costs under provincially delivered system; no municipal financing.

C. Full sharing - Province costs shares in full costs incurred by municipal units; Municipal units have a percentage commitment only.

Again the magnitude of the financial commitment of both parties to social assistance causes problems in the relationship.

11. Child Welfare

The municipal responsibility for child welfare is the requirement to apprehension costs - legal, counselling and the like. Options include:

A. Present system - Municipal units responsible for all costs as billed by the apprehending agency.

B. Shared cost - Province shares at same rate as general assistance (no capping).

C. Provincial - No municipal financial participation.

12. Industrial Development and Promotion(includes Community Development)

The options include:

A. Present system - Province shares in certain operating and capital costs for certain types of activities; municipal units must meet balance of costs by area or general taxation.

B. Municipal system - No cost sharing by province of operating or capital costs.

C. Provincial.

13. Education

The basic education system is delivered by elected school boards. It is financed by the province, a provincial property tax collected by the municipal units and supplementary funding by municipal units.

Options to the present system are:

A. Provincial funding only.

B. Elimination of supplementary funding.

C. Change in sharing of financing by province and municipal units.

14. Libraries

The financing of this regionally delivered service has options such as:

A. Present - The province cost shares in operating and capital costs up to a limit; municipal units are responsible for the balance of the costs.

B. Education function - The provincial education system takes over the funding of library activities.

C. Total municipal - No provincial cost sharing.

15. Housing

Municipal responsibility is generally limited to sharing in the deficits of local or regional housing corporations. Options include:

A. Present system - Municipal unit cost shares in deficits of authorities.

B. Provincial system - Province pays 100% of cost (with CMHC sharing, eliminates authorities and provides housing as a direct service of Department of Housing.

16. Planning

Planning is subject to financial arrangements for district planning commissions to encourage such activities. Options include:

A. Present system - Province cost shares in some planning activities.

B. Total municipal - No provincial cost sharing.

17. Recreation

Options include:

A. Present system - Provincial operating and capital conditional grants.

B. Municipal system - No provincial grants, either operating or capital.

18. Grants

The provincial government pays municipal units an unconditional operating grant, about 85% of which, is an equalization grant. Since it is based in part on expenditure responsibilities, any reallocation of services will require a redesign of the grant. If police and roads are transferred to rural municipalities, a significant portion of the operating grant fund will also be transferred from the cities and towns to the rurals.

The capital grant fund may be reallocated in a similar manner. It may also be part of the trade offs needed to effect approximate fiscal balance.

SUMMARY

The foregoing review of financing options demonstrates the numerous areas in which the provincial government and municipal unit share financing. A change in such arrangements for the finance or delivery tends to have enough impact that a revenue and expenditure neutral solution for all parties is very difficult to achieve.

February 18, 1992

8. Service Delivery and Financial Responsibility

	Policy & Standards	*Current Delivery*	*Net Current Operating*	
			1990 Municipal	*1990-91 Provincial*
GENERAL GOVERNMENT				
Legislative	Mun	Mun	-	-
Administrative	Mun	Mun	-	-
Other General Government	Mun	Mun	-	-
Total			62,643	-
PROTECTIVE SERVICES				
Police Protection	Prov	Mun	52,644	-
Urban Areas in Rural Mun. (Class IV)	Prov	Prov	-	5,717
Rural Area Policing	Prov	Prov	-	22,177
Highway Patrol	Prov	Prov	-	6,974
Law Enforcement	-	-	-	-
Justice	Prov	Prov + Mun	1,962	532
Other Law Enforcement	Prov	Prov + Mun	53	-
Corrections	Prov	Prov	12,298	17,976
Fire Protection	Prov	Mun	51,547	-
Building Inspection	Prov	Mun	3,248	400
Other Protective	Prov	Mun	2,388	-
Total			124,140	53,776
TRANSPORTATION SERVICES				
Local Common Services	Mun	Mun	19,307	-
Local Road Transport	Mun	Mun	31,394	-
Urban Areas in Rural Mun. (Class IV)	Prov	Prov	-	13,274
Provincial Highways and Rural Areas	Prov	Prov	-	81,136
Municipal Airports	Mun	Mun	449	-
Water Transport	Prov	Prov	-	7,202
Public Transit	Mun	Mun	10,599	3,310
Other Transportation	-	-	61	-
Total			61,810	104,922
ENVIRONMENTAL HEALTH				
Water Supply	Mun	Mun	-	-
Sewage Collection, Treatment & Disposal	Mun	Mun	13,915	-
Garbage Collection & Disposal	Mun	Mun	21,428	99
Hazardous Waste	Prov	Prov	-	294
Other Environmental Health	-	-	204	-
Total			35,547	393

Service Delivery and Financial Responsibility

Local Government Project – Review (000's)

	Policy & Standards	*Current Delivery*	*Net Current Operating*	
			1990 Municipal	*1990–91 Provincial*
PUBLIC HEALTH AND WELFARE				
Public Health	Prov	Prov	627	–
Medical Care	Prov	Prov	–	–
Hospital Care	Prov	Prov + Mun	–	–
Homes for Special Care	Prov	Mun	36,330	73,766
Social Welfare	–	–	–	–
Administration	Prov	Mun	4,916	8,938
• General Assistance	Prov	Mun	23,674	47,214
Child Welfare	Prov	Mun	To be updated	To be updated
Family Benefits	Prov	Prov	–	83,850
Home Care	Prov	Mun	3,000	8,800
Daycare	Prov	Mun	–	9,700
Other Public Health and Welfare	–	–	4,600	–
Total			73,147	232,268
ENVIRONMENTAL DEVELOPMENT				
Community Planning & Zoning	Mun	Mun	5,848	1,800
Community Development	–	–	3,153	–
Mainstreet	Mun	Mun	–	3,525
Community Economic Development	Mun	Mun	–	630
Housing	Prov	Prov + Mun	5,757	7,228
Industrial Parks and Commissions	Prov	Prov + Mun	1,939	665
Other Environmental Development	–	–	1,114	–
Total			17,811	13,848
RECREATION AND CULTURE				
Recreation Facilities	Prov + Mun	Prov + Mun	25,052	–
Sport – Grants and Assistance	Prov + Mun	Prov + Mun	–	982
Community Recreation Development	Prov + Mun	Prov + Mun	–	1,749
Outdoor Recreation	Prov + Mun	Prov + Mun	–	782
Recreation Facility Development	Prov + Mun	Prov + Mun	–	2,244
Special Recreation Initiatives	Prov + Mun	Prov + Mun	–	126
Regional Services	Prov + Mun	Prov + Mun	–	895
Cultural Building and Facilities	Prov + Mun	Prov + Mun	1,225	1,301
Other Recreation and Culture	Prov + Mun	Prov + Mun	569	–
Total			26,846	8,079

Service Delivery and Financial Responsibility

Local Government Project – Review (000's)

	Policy & Standards	*Current Delivery*	*Net Current Operating*	
			1990 Municipal	*1990–91 Provincial*
EDUCATION				
Post Secondary Education	Prov	Prov	–	194,465
Appropriation to School Boards	Prov	Prov	–	557,689
Mandatory			100,049	–
Supplementary			27,891	–
Regional Libraries	Prov	Prov	8,496	6,937
Museums	Prov	Prov	–	2,817
Total			136,436	761,908
FISCAL SERVICES				
Joint Expenditures			5,209	8,472
Debt Charges			46,293	24,774
Total			51,502	33,246
GRAND TOTAL			589,882	1,208,440
PROVINCIAL GRANTS				
Unconditional Operating			(31,182)	31,182
Emergency Funding			(4,298)	4,298
Other			(1,146)	1,146
Total			(36,626)	36,626
NET TOTAL			553,256	1,245,066

* If the Province moved to open ended cost-sharing on municipal general assistance only, the municipal figure of $23,674 would be reduced to $17,087 using the amount calculated for the Fact Finding proposal using the 1990–91 forecast.

Note: All figures used are estimates.

February 28, 1992

9. Options in Municipal Government Structures

This paper presents a number of possibilities for municipal government in Nova Scotia. Some or all of them may be unsuitable. Some combination of these alternatives may be the preferred solution. One possibility is the use of some parts of these alternatives in one part of the province, and other parts in other areas. In this sense, consistency is not a virtue: different parts of the province, with different requirements based on different settlement patterns and service needs, may well need different municipal structures.

In some provinces, there is no municipal government in the more remote areas.

I. Rural municipalities structured to provide rural services only.

Rural municipalities, or at least some of them in the less densely settled areas, might cease to have the power to instal piped services (water and sewer). Settlement nodes that require these services would be forced to incorporate in some form. Under the existing distribution of service responsibilities they would be required to assume the "urban" share of police and roads. The existing urban areas, with a reasonable development zone, would be separately incorporated. A solution to the present police and roads problem might make this option more acceptable.

The problem with this solution is that there would be an incentive to settle in the lower-taxed rural areas, which would eventually create a need for piped services, and there would be extreme reluctance to incorporate because of the cost, leading to serious servicing problems probably creating health and environmental problems. An active incorporation policy or mechanism would be required. The preferred solution would be annexation to an adjacent urban area.

The lack of authority to install piped services could be seen as an attraction rather than as a deterrent to piecemeal development, and the existing pattern of ribbon development would be worsened, leading to eventually much higher servicing costs. In the absence of the responsibility for piped services, rural units would have a lesser incentive to plan. However, rural municipalities generally have not planned their less densely settled areas even with responsibility for these expensive services.

II. The existing system.

The existing system demonstrates the flexibility inherent in most of the "just-grew" systems and the advantage of having a structure in place to deal with problems as they arise. It has also provided a convenient repository for the implementation or enforcement of some provincial

policies and programs (health, welfare, building inspection). For the more densely settled areas, if they are old enough, the town concept provides a focus for piped services and other urban amenities (recreational facilities, locally controlled levels of policing). The rural council provides some of these services for the newer areas. For either small, remote clusters (e.g. Freeport, Westport) or newer agglomerations (New Minas), the village structure can provide near-town status.

The essential problem continues to be urban responsibility for police and roads where there is no such responsibility for rural-urban or village developments. Concentrations of similar character pay or do not pay based on the accidents of history. Municipal responsibility for education costs, corrections, and social services, while a major financial strain, does not have the same impact on municipal structure. There is a strong disincentive to town incorporation (no town except Bedford has been incorporated since the Village Service Act was passed in 1923). The village structure as near-town is not well-suited to the larger areas such as New Minas and Bible Hill, although recent changes have made them better (day-long election by ballot by local option, for example). At the same time these improvements increase the disincentive to incorporation.

The existing structure also has only moderately effective and expensive boundary mechanisms, that tend to increase conflict between towns and cities and their rural neighbours. As a result major developments occur and stay on the fringes of existing urban areas. Major agglomerations have several municipal governments. Villages serve two distinct purposes, and they were designed for only one of them. Some rural municipalities are too small: in 1970 the Board of Commissioners of Public Utilities started to assume an active boundary stance, and recommended the consideration of the amalgamation of several rural municipalities.

Rectification of the police/roads problem may be a partial resolution of these problems, and together with an active rather than a reactive or passive boundary change mechanism might justify the retention of the existing structure in some or all of the province. The requirement for a great deal of coordination to avoid duplication of services and ensure regional cooperation, with the plethora of special purpose bodies which seems to follow, in some instances may be the least-cost solution to effective government.

III. Regional government: one-tier.

A single-tier or unitary municipality has some of the following characteristics:

- it covers a whole region or settlement area
- it can have different tax rates or user fees depending upon the services provided
- it is a single planning unit for the region

- it eliminates the need for most special purpose bodies
- one new unit would replace all existing units in the region
- all members of the governing council are directly elected

The Graham report recommended the establishment of a set of eleven one-tier regional governments with the ultimate responsibility for all municipal services (education, health and welfare having been assigned to the province as the more appropriate level of government). The major considerations included planning for a broad region, a unit sufficiently large to support a fully professional administration, and elimination of the need for special purpose bodies to ensure coordination among smaller units. A reasonably high level of support for this concept was demonstrated at the select committee hearings which followed the report, based on perhaps nineteen or twenty regions.

The Commission appeared to have some difficulty with the appropriate form of government for the rural areas of the major metropolitan counties, and with the existing towns. Except where these units dominated the county, it was recommended they be retained to provide some services and to provide a focus for local representations to the regional council. There are elements of a two-tier structure in this part of the proposal, reminiscent of the present relations between the larger villages and the rural municipalities in which they are located.

At the present time there appears to be reasonable support, even among municipal units with vested interests in opposing the proposals, in some form (unspecified) of regional government across the province. This is based on a desire for consistency in policies across a region, effective provision of services, particularly those that require regional cooperation, and a probably mistaken view that fewer governments will necessarily be cheaper.

IV. Regional Government: two-tier.

A two-tier structure has some of the following characteristics:

- a new government is superimposed on the existing units in a region
- the regional unit provides services that must be coordinated on a regional level
- the regional unit has its own administration
- members of the governing council may either be directly elected or appointed by the councils of the lower-tier units, or some combination of both (and in the unorganized areas under the regional government would have to be directly elected)

The major virtue of, in effect, superimposing a regional structure on the existing structure, is that it would provide an umbrella organization for regional coordination. It would not necessarily be more expensive, since it would replace the present regional organizations such as joint expenditure boards, district planning commissions, regional transit commissions and the like, and a host of less formal structures. Existing boundary problems would presumably be resolved through some active boundary mechanism, or perhaps by provincial direction.

The regions appropriate to being governed by a regional government are not necessarily the same as the existing counties. This is most apparent in the Halifax-Dartmouth Metropolitan Region, where some parts of the County of Halifax are totally unurbanized and some adjacent parts of other units are urbanized extensions of Halifax.

The usual argument against two-tier government is that conflicts and shifting of the responsibility or blame for problems between the two levels of government is common: an in-province federal structure simply confuses the ratepayers. Certainly, the appropriate division of powers between the two levels is a difficult problem. In the Graham Commission recommendations what was left for the local government was scarcely enough to justify their retention.

The regional government may offer regional services such as planning, sewage treatment, water supply, public transit, solid waste disposal, social services, libraries, homes for special care, child welfare and health. Other services, such as local planning and land use regulation, recreation, water distribution and sewage collection, solid waste collection, parks, police, fire protection, street lighting, street maintenance and snow clearing may be offered by local units or by the regional level depending upon the manner in which the responsibility for services is allocated between them. On occasion, one level of government in a two-tier system may purchase services from the other.

Financially there may be some conflict since both the regional and the local governments get their revenue from the same tax base. Normally, the local government is the one responsible for levying and collecting the tax. The regional government requisitions its funds from them (in effect, it sends them a bill). Publicly there is some confusion as to which level of government is responsible for all of the tax bill. Usually only one of the two tiers actually levies and collects a tax.

V. Regional Government: three-tier.

A three-tier structure has some of the following characteristics:

- local governments delegate functions to special purpose regional bodies or to one general purpose regional body

- the special purpose body may either have its own administration or have one unit provide its administration (joint expenditures)
- each participating unit is protected under the enabling legislation
- some rural municipalities have governments within (villages, service commissions, community councils) to provide local services at local cost (area or village rates)
- the members of the governing body are appointed by the participating units

At first glance, the concept of a three-tier municipal government structure seems utter nonsense. What is neglected is that we have aspects of such a structure today: there are governments of sorts within rural municipalities (villages, service commissions, community councils), which in turn are members of larger regional forms such as joint expenditure boards. If any of the suggestions for inter-county structures are ever implemented, there will be four tiers for some ratepayers to consider.

An effective three-tier system could impose a supra-regional form for inter-county cooperation, resolving the problem of using the existing counties as the base for most regional services.

VI. Representation in regional governments.

Representation on the regional governing body seems to have been one of the most difficult problems to resolve where multi-tier units are involved. Representation from the local level increases communication and direction, but does not respond as directly to the electorate. On the other hand, direct election tends to increase the distance, and sometimes the friction, between the two tiers.

In a unitary (one-tier) region, and sometimes on the regional council where members are directly elected, there is a conflict between those who feel the members should be elected at large, and those who support the ward system. The difference is said to be that those elected at large represent the entire region, and hence are less likely to be concerned primarily with parochial issues such as are said to concern those who represent only one part of the region. This difference of opinion has never been resolved.

In larger units, there seems to be a need to provide mechanisms to give citizens easier access to the council. This can be by way of a community council or community committee, or through less formal ratepayers groups.

Summary

Elements of several possibilities could form a viable part of a municipal structure for Nova Scotia different in different parts of the province with different needs.

An effective mechanism for the resolution of boundary disputes (generally rural-urban) is essential in any system. This mechanism must be active: it cannot wait until problems are bad enough to spur an application.

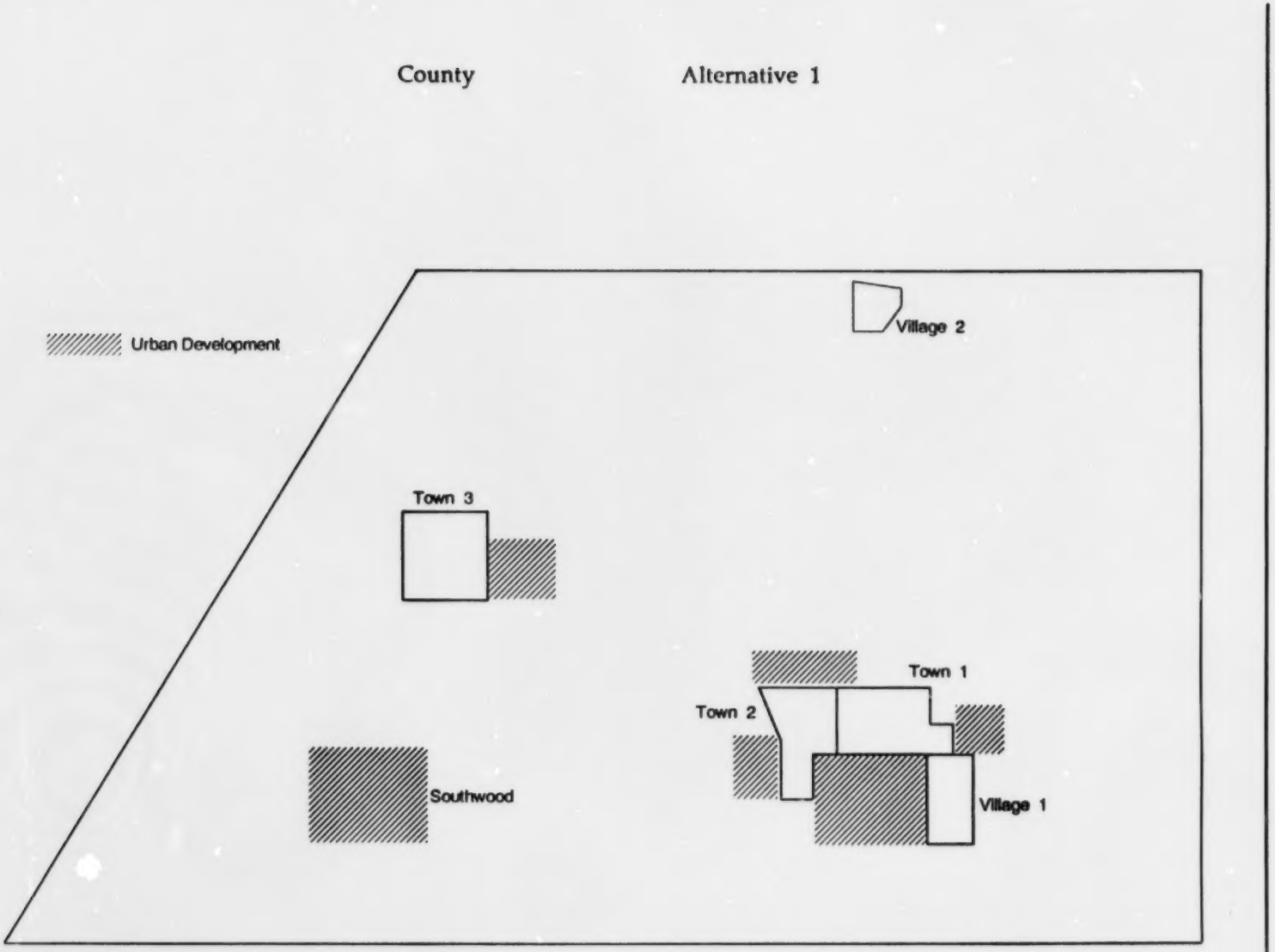
Changes in the present allocation of responsibility for the costs of police and roads are needed. Otherwise what may be a necessary change in the form of municipal government in an area will cause tax increases related not to actual changes in services provided, but to differences in provincial subsidization practices.

February 1992

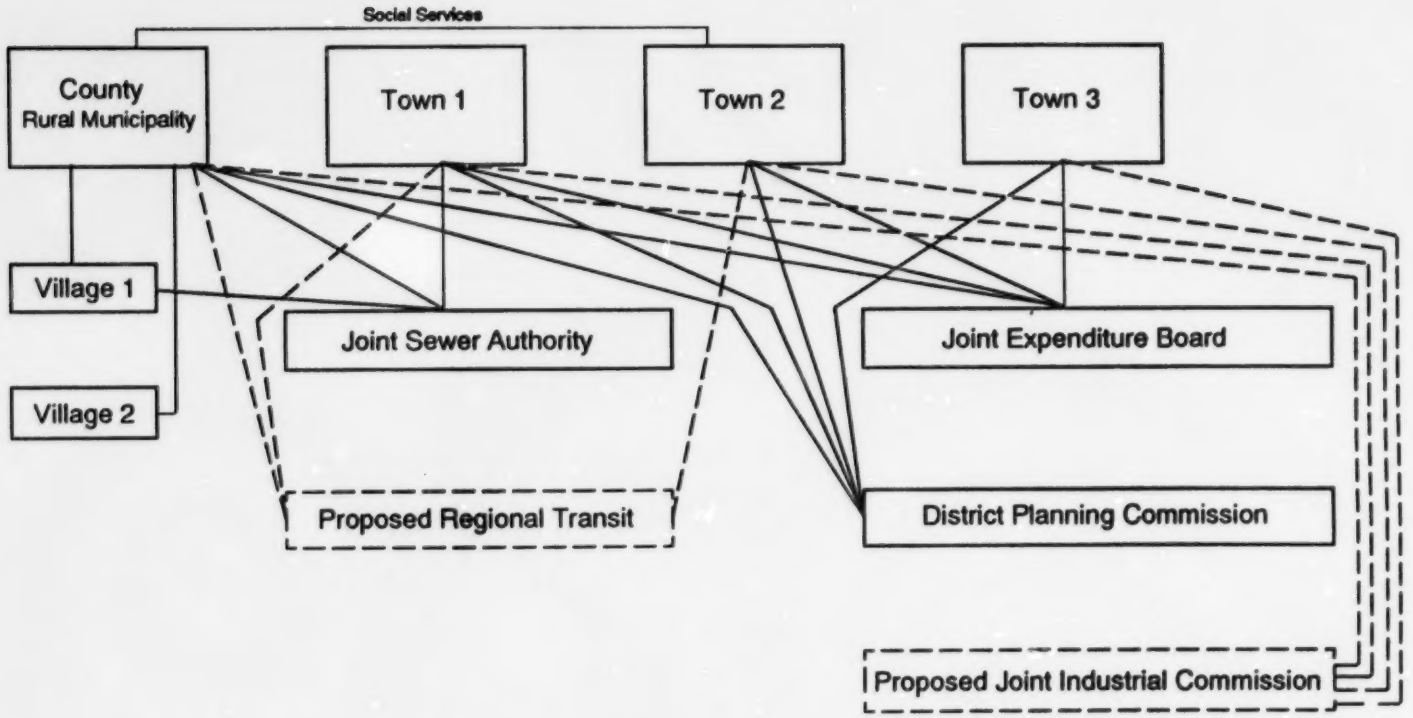
10. Examples of the Alternative Structures

To make it easier to see what the various alternatives might look like, and how they might work, we can try them out on an imaginary county. COUNTY is a typical county in Nova Scotia. It has one rural municipal government, three towns, two villages, and another fairly densely populated but unincorporated area. TOWN 1 and TOWN 2 abut each other. As well as significant urban development on the edges of both of them, VILLAGE 1 also joins them. There is another new subdivision just outside VILLAGE 1 that has recently asked to have piped services installed. TOWN 3 is in another part of COUNTY. It has some urban development just to the east. VILLAGE 2 is fairly isolated. The unincorporated urban area, SOUTHWOOD, is about eight miles south of TOWN 3.

A regional authority has been established under special legislation to deal with sewage disposal for TOWN 1, VILLAGE 1, and the surrounding COUNTY areas, but TOWN 2 has its own system and has so far refused to join. There is, of course, a joint expenditure board that deals with justice: courthouse, registry, prisoner transport and the like. COUNTY provides social services administration for all units by contract, except TOWN 3 which does its own. There has been talk of a regional transit commission, at least for the TOWN 1 and TOWN 2 area, and a district planning commission including all units was established last year. Each unit has its own water utility, including the villages, but COUNTY buys water from TOWN 1 and TOWN 3, and does not have a source of supply of its own. This may soon be a problem in SOUTHWOOD. There has been some thought of regional cooperation in recreation, and talk that a joint industrial commission would be more efficient. Both TOWN 2 and TOWN 3 have industrial parks, and COUNTY has considered establishing one in SOUTHWOOD if it gets water.


County
Alternative 1
Urban Development
Village 2
Town 3
Town 1
Town 2
Southwood
Village 1

ORGANIZATION PRESENT COUNTY



Service responsibility in COUNTY

Administration:	six administrations; VILLAGE 2 has a part-time clerk only
Education:	one district school board; no supplementary funding
Health:	four boards of health
Justice:	joint expenditure
Social Services:	rural municipality and TOWN 3
Roads:	three towns and province
Police:	three towns and province; COUNTY and each town have a by-law enforcement officer (dogcatcher)
Fire Protection:	each town and village has a volunteer fire department, and there are five others in the rural municipality
Street Lighting:	each town; each village; COUNTY finances the areas covered by area rate
Water:	six utilities; five sources of supply
Sewer:	disposal regional commission for one town, a village and part of COUNTY; one town alone; COUNTY has an agreement with TOWN 3 for the adjacent urban area; VILLAGE 2 has no sewer; COUNTY has a separate facility for SOUTHWOOD
Recreation:	four directors and programs; there are seven rinks (one in each unit and two in COUNTY), three pools (COUNTY, TOWN 1 and TOWN 2)
Solid Waste:	three towns and COUNTY collect on contract; disposal is all at COUNTY landfill (TOWN 2 closed its dump last year)
Planning:	planning and building inspection services are provided by the district planning commission
Industrial Development:	four separate industrial commissions and two industrial parks

Assessing the Alternatives

There are a great many combinations of the different alternatives that might be tested. Some parts of several could be combined. Any type of regional government other than a single government for the region could involve annexation or amalgamation in addition. A few are explored here.

Alternative 1 - No change

One choice, of course, is to do nothing, and let things go on as they are.

Alternative 2 - Limited rural municipality

A fairly simple choice that would probably force annexations is to have rural municipalities revert to their original character as rural governments. Take away their power to provide piped services and prohibit towns from providing these services outside their boundaries. Villages would continue to have the power to provide piped services, but would have to pay for police and roads. In effect they would be similar to smaller towns. Then any area that needed water or sewer would have to become incorporated in some fashion, either as a village or as a town, depending on size, or by being annexed to a town or village.

In COUNTY, if the rural municipality could no longer provide piped services, the boundaries of TOWN 1, TOWN 2 and VILLAGE 1 would have to be expanded. TOWN 3 would have to be enlarged to take in the development to the east. SOUTHWOOD would have to be incorporated, and might have trouble financing the required water system. There would be seven units, but a clearer separation of urban and rural powers. There would be no particular incentive to amalgamate TOWN 1 and TOWN 2 even if that was the most sensible approach.

This change is independent of any reallocation of services between the province and the municipalities, although if there was no change in police or road responsibility there would be resistance to incorporation for tax reasons.

It is possible that some variation of this approach would be effective in the less densely settled counties in Nova Scotia.

It might be possible to end up about the same if there was an active boundary change mechanism. All of the urbanized areas would be incorporated with another urban unit, and probably TOWN 1, TOWN 2 and VILLAGE 1 would be amalgamated. COUNTY would still provide the piped services in SOUTHWOOD.

County

Alternative 2

Alternative 3 - One-tier regional government, urban areas only

In this alternative, a reasonably large urban unit, perhaps called a city, would be established for an area centred on TOWN 1, TOWN 2 and VILLAGE 1, called CITY. The boundaries of CITY would include all of the developed area, and all of the area that would likely be developed in the next fifteen years or so. TOWN 3 would stay as is, or perhaps be enlarged. SOUTHWOOD might be incorporated.

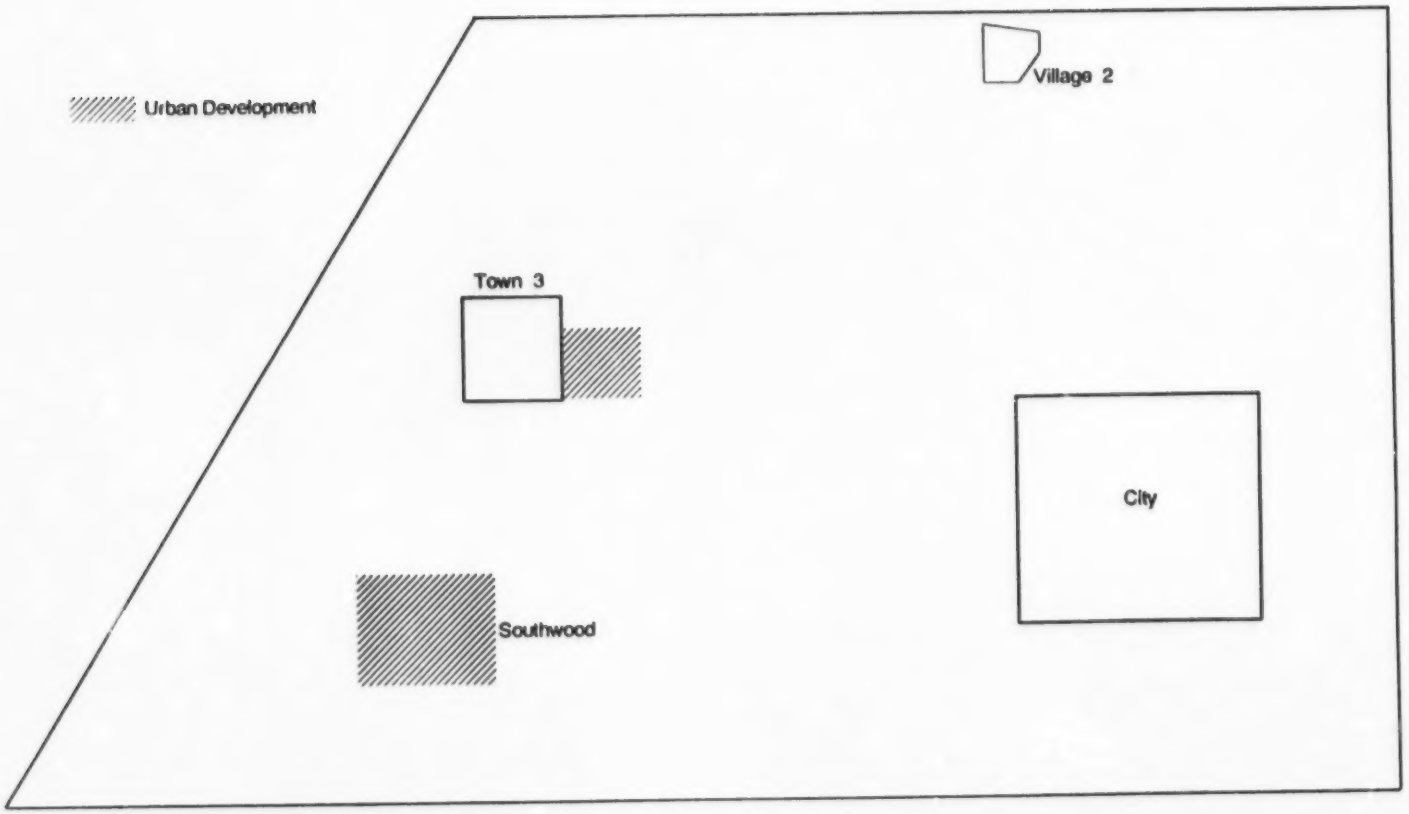
Within CITY one government would provide all municipal services.

Alternative 4 - One-tier regional government, large scale

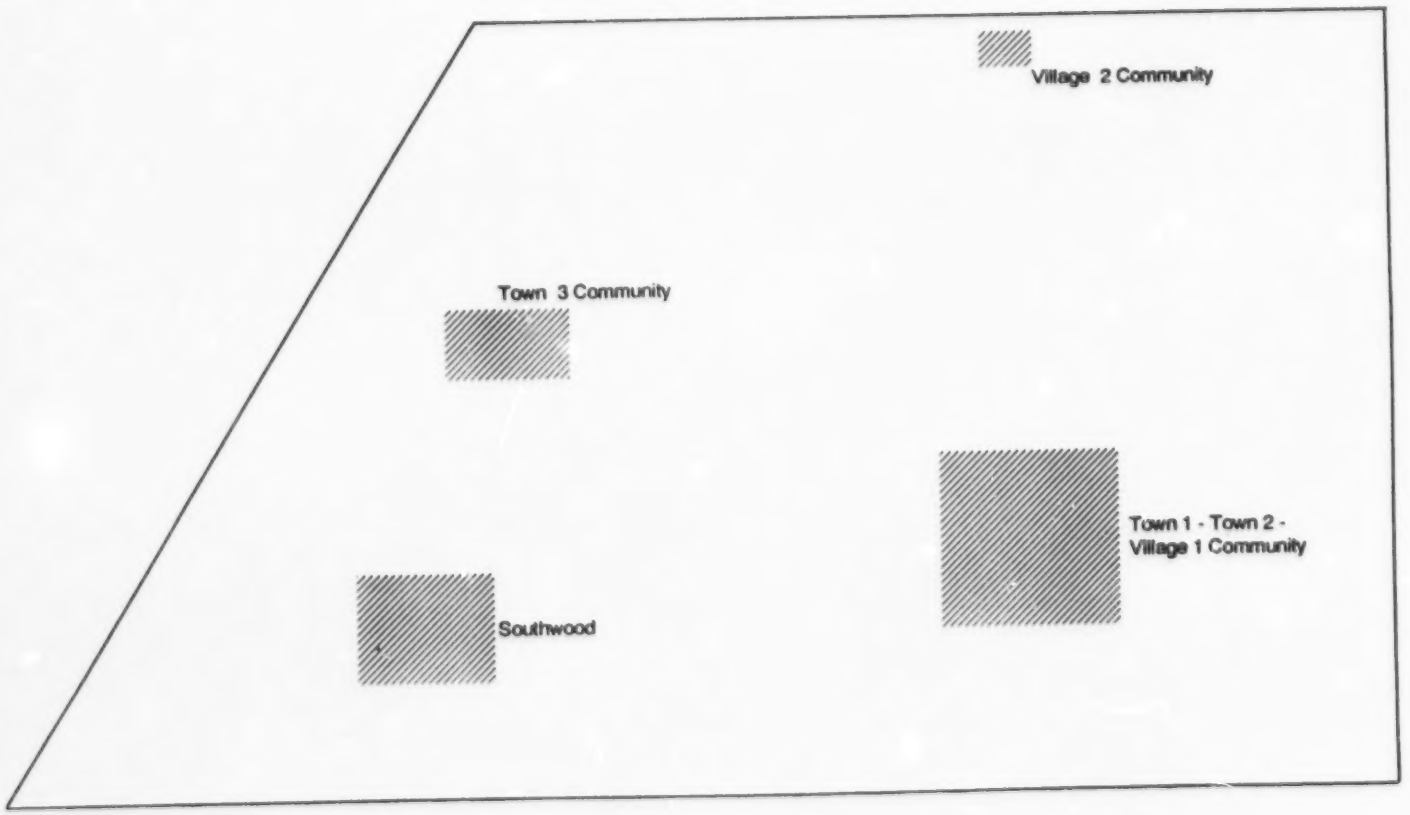
One-tier simply means that there is only one level of municipal government in a region. There are no overlapping jurisdictions. In COUNTY, then, assuming it is a reasonable size for a regional government, there would only be one municipality. COUNTY municipality would provide all of the services: there would be no separate town or village governments. The result is not much different from what would happen if the three towns and two villages were simply dissolved. Of course, all of the joint boards and commissions, and the intermunicipal agreements, would be dissolved, too. Services for the urban areas would be financed by area rate. There is no particular reason to think that areas of adjacent counties might not be added to COUNTY to form the new region, or even to have two or three counties merged. That depends on what is thought to be the best size for the region, balancing accountability and efficiency. We assume COUNTY is a good size for a region.

All municipal services would be provided by the one government.

County Alternative 3



County Alternative 4



ORGANIZATION Alternative 4
One - Tier Regional Government

Alternative 5 - Two-tier regional government

A two-tier regional government simply means that there are two levels of municipal government, with overlapping jurisdictions but different service responsibilities. Rural municipalities, at least those with villages or service commissions in them, are a form of two-tier regional government: the municipality provides some services, and the villages others.

Assuming COUNTY is a good area for a regional government, there would be seven governments: three towns, two villages, and the rural municipality, as at present, and REGION, in which they all participate. REGION would probably requisition its funds from the other units. REGION's council could either be directly elected, the way a rural municipal council is elected, or it could be appointed by the local units the way they now appoint members to a district planning commission or other joint body, or some method could be devised to choose which member of a local council would also serve on the regional council, perhaps the one who received the most votes.

REGION would have an administration. It would probably provide social services, sewage treatment, water supply, industrial development, justice, transit if it were to be provided, solid waste disposal, planning and building inspection. These are the services provided in COUNTY on some sort of joint basis. All of the joint boards and commissions could be eliminated. Some other services that could be regional include boards of health and recreation, or these could be done at the local level. Fire services coordination might be useful at the regional level. If municipalities were to be responsible for police and roads, some roads might be regional and some local. Police could be a regional power, unless rural areas were still policed by the province. In a two-tier structure it is possible to allow the present division of responsibility for police and roads, and other services, to continue.

The local units would probably provide fire protection, street lighting, some roads (perhaps), possibly police, possibly recreation, or some aspects of it, water distribution, sewage collection, garbage collection, parks and some promotional activities.

The actual division of responsibility between the regional and the local units can vary, depending upon which services are considered to be best provided by which level.

In any two-tier region, there may be annexations or amalgamations to change the structure of the local units. A two-tier region could incorporate an urban one-tier region such as CITY.

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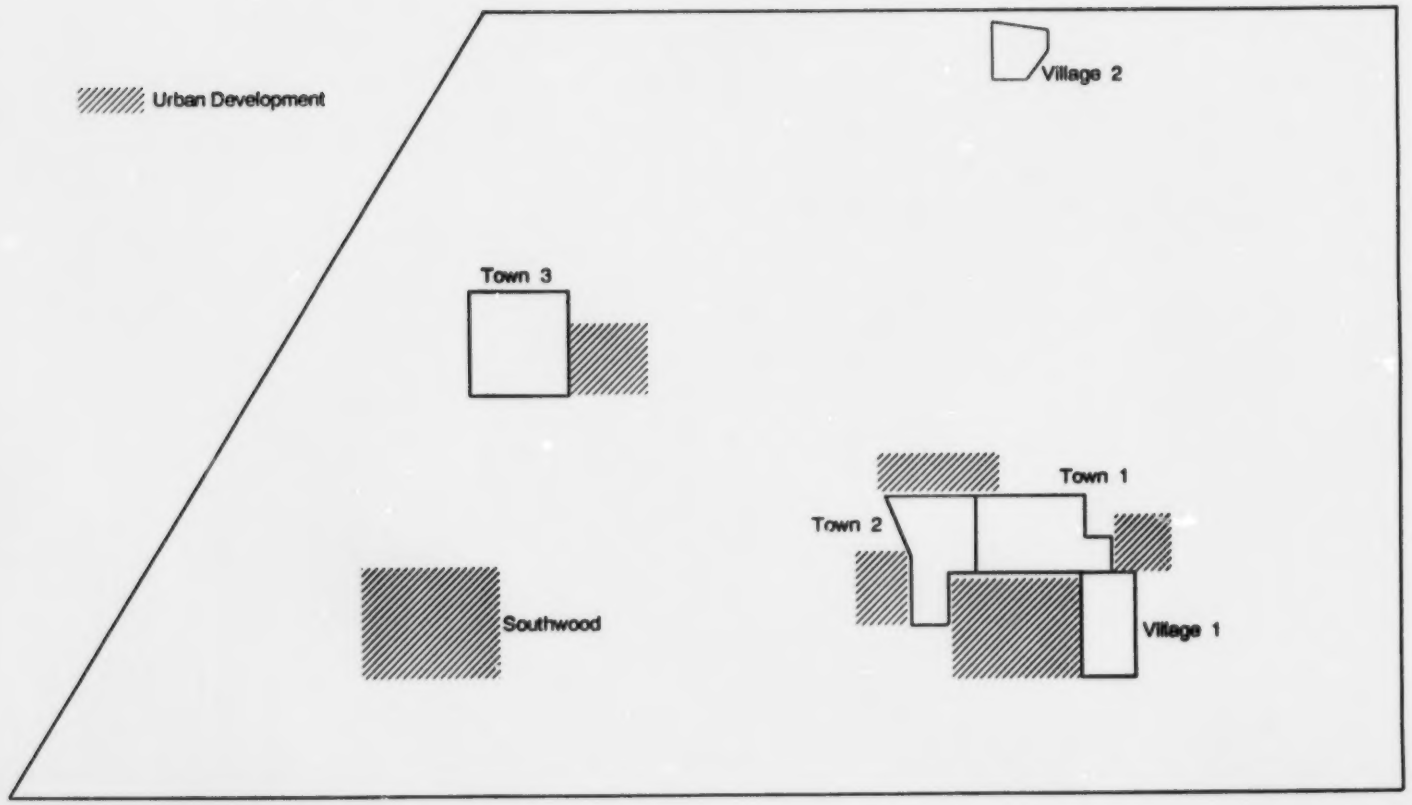
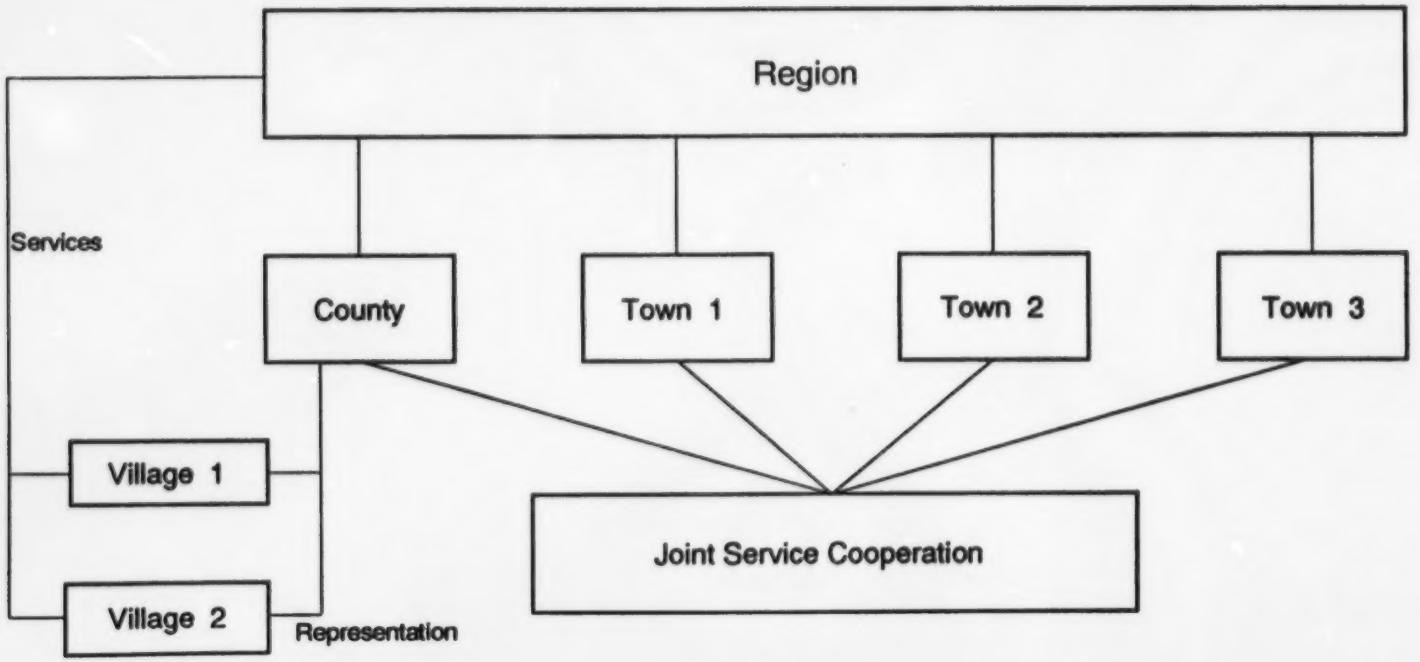
County Alternative 5



ORGANIZATION Alternative 5
Two - Tier Regional Government



11. Criteria for Boundary Changes

Municipal boundaries are an important factor in the design of local government. In its statement of priorities, the Union of Nova Scotia Municipalities identified rationalization of municipal political boundaries as one of three objectives. The intention in restructuring municipalities and redrawing their boundaries is to achieve at least the following:

1. to make local government as strong as possible so that it is able to provide the highest possible level of service at the least possible cost;

2. to preserve and develop vital urban centres offering a wide range of services, including social, educational, commercial, cultural, governmental and recreational amenities;

3. to assist rural Nova Scotia in its traditionally rural economic and social pursuits and in maintaining health and safety;

4 to create communities which provide people with the maximum opportunity for self-fulfilment;

5. to allow municipal government to attract and hold the confidence of the citizens, permit citizen input and be accountable to the electorate;

6. to enable municipal government to respond effectively to economic change and adapt to social changes in the way people wish to live,

7. to develop enough inherent capability within municipal governments to work with the provincial government in achieving the goals for a sound economy, and a high quality of life and maximum opportunities for Nova Scotians.

The establishment of municipal boundaries in Nova Scotia should be guided by a set of criteria, and some of these may relate to initial minimum conditions for setting up a municipality and others to the subsequent adjustment of established boundaries:

1. The boundaries of each municipal unit should contain a sufficient population and area to permit council to provide a wide range of services effectively and economically, and with an adequate administrative capability.

2. The boundaries of each municipal unit should contain an area sufficiently large for effective planning.

3. There should be a consideration of different types of communities based on a hierarchy of needs (or level of services required by residents), these being:

   - rural communities which are distinguished by large lots and site-based services
   - hamlets with on-site services and some development conditions
   - growth centres (including class IV's) which are communities with municipal planning strategies and servicing strategies
   - village communities with planning and servicing strategies plus the provision of specified services for the community as a whole
   - towns with sufficient population to provide a full range of services relatively uniformly across the town
   - cities with a relatively large population with additional powers under their respective charters
   - metro areas with large population concentrations and additional hierarchy of area-wide services

4. As far as possible, population size, area and density should be taken into account in establishing the various community types.

5. The boundaries of each urban unit should reflect existing settlement patterns and the potential for future growth.

6. As far as possible, all serviced areas on the urban fringe should be within political boundaries of the urban centre.

7. As far as possible, community identity/ community of interest should be taken into account in designing political boundaries.

8. As far as possible, communities that are interdependent should be contained within the same boundaries.

9. Physical constraints to municipal servicing such as mountains, rivers, drainage basins, and geographic area must be taken into account in designing municipal boundaries.

10. As far as possible, services in an urban community should be provided on an area-wide basis with reasonably equitable tax burdens.

11. **Representation in accordance with population distribution and reasonable access of people to elected and appointed officials should be taken into account in designing municipal boundaries.**

12. **Boundary changes should be subject to a feasibility study that takes into account a range of relevant factors, including:**

population size, area and density
physical constraints
accessibility and representation
community identity
community interdependence
service level
equity in terms of ability to pay area-wide services
administrative capability
economic base and tax base
growth potential of area

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12. Implications for Service Delivery and Finance

Responsibility for service delivery must be based on the level of government that is best capable of economically delivering an adequate level of service. Responsibility for financing services must depend on the adequacy of the fiscal resources available to provide the service. At the same time, it must be recognized that it is unlikely that services will be delivered as economically if the level of government responsible for delivering the service does not have a significant financial stake in the service. Given the varying nature of municipal units in Nova Scotia, any change will likely reallocate the tax burden among units.

Implementation concerns in reallocation of service delivery and finance include the following:

- identification of the level of government to be responsible for service delivery
- development of service delivery mechanisms and possible phase-in procedures where a change is contemplated
- providing for contracting with the existing delivery agent
- identification of reallocation of costs
- detailed cost projections and historical data by unit
- possible development of phase-in mechanisms for any reallocation of costs
- development of control mechanisms to ensure the province economically provides any service for which it becomes responsible
- alteration of transfer payments to effect a balance between current and changed expenditure responsibilities

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13. Boundary and Restructuring Mechanisms

One of the objectives of the Union of Nova Scotia Municipalities has been stated as "The objective of the UNSM is the rationalization of municipal political boundaries."

A mechanism for boundary change can take a number of forms:

1. A reactive tribunal (the Municipal Board) which decides on applications made to it after a formal hearing.

2. A negotiating forum where changes are essentially negotiated within a general legislative framework. Mechanisms for conflict resolution, public input and fact finding are normally part of the process.

3. Provincial legislation, where the provincial government makes and implements a decision.

4. An active boundaries commission with a mandate to review and revise boundaries within a general legislative framework. Conflict resolution, public input and fact finding mechanisms can be included.

The existing boundary mechanism is based on the traditional adversarial approach. It is very expensive, and tends to increase the level of hostility between urban and rural units. It has not been more than marginally effective in eliminating boundary problems.

The first Provincial-Municipal Fact-Finding Committee, in two reports (1969 and 1971), recommended the establishment of an active boundary commission with a mandate which included the reduction of the existing numbers of municipal governments.

Any municipal government structure will eventually develop boundary problems, and must include an effective way to resolve these problems. Under present conditions, a purely reactive system will be ineffective. There are too many problem areas to resolve. At the same time the adversarial nature of the process has to be downplayed.

To determine whether there is a boundary problem, and if so how to resolve it, there must be information gathering and resolution of differences.

There are two approaches to information gathering. One is the traditional adversarial approach, where both sides to a dispute present their evidence and experts, and the decision-maker has to decide which is right. The other is investigative, where an independent party conducts an investigation to establish the facts.

There are two approaches to resolving disputes: confrontation (almost inevitable in the adversary process) and negotiation. Confrontation means putting forward the positions as forcefully as possible and leaving some independent third party to decide who is right. Negotiation means trying to find some common ground between the opposing viewpoints, getting both sides to accept a common position. Negotiation can also involve other dispute-settling techniques. However, to be effective there has to be an ultimate dispute settlement mechanism such as binding arbitration.

Any means of resolving boundary problems should incorporate public input and public education.

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